UNITED STATES GOVERNMENT

Memorandum

TO : Director, Federal Bureau of Investigation

DATE: October 6, 1961

File: 60-111-195

FROM : Lee Loevinger, Assistant Attorney General,
Antitrust Division

Lee Loevinger

SUBJECT: Investigation of Competitive Effects of the Acquisition by Morgan Guaranty Trust Company of 6 banks in New York through the formation of a bank holding company.

Morgan Guaranty Trust Company of New York ("Morgan Guaranty") has formed a holding company, Morgan New York State Corporation, and is presently seeking permission for the holding company to acquire the capital stock of Morgan Guaranty plus the capital stock of six other banks located in New York State. The six banks are: Manufacturers and Traders Trust Company (Main at Swan, Buffalo, N. Y.); Lincoln Rochester Trust Company (183 East Main Street, Rochester, N. Y.); The National Commercial Bank and Trust Company of Albany (60 State Street, Albany, N. Y.); First Trust & Deposit Company, (Warren at Washington, Syracuse, N. Y.); The Oneida National Bank and Trust Company of Central New York (268 Genesee Street, Utica, N. Y.); First-City National Bank of Binghamton, N. Y. (Court and Chenango Streets, Binghamton, N. Y.).

Under the proposed plan, for which Morgan Guaranty is now seeking approval of the New York State Superintendant of Banks and the Federal Reserve Board, the seven affiliating banks will retain their separate corporate identities, but since they will be owned by the holding company (Morgan New York State Corporation) which in turn will be controlled by Morgan Guaranty (the latter will own about 78% of the stock of the holding company), Morgan Guaranty will in effect control the six upstate New York banks. In other words, Morgan Guaranty is seeking to use the holding company device to secure control of the six upstate banks.

The holding company combine will have assets of more than $6 billion, making it the largest bank holding company in the nation. As of the end of 1960, Morgan Guaranty itself ranked fourth in size of assets among all New York City banks and fifth in the nation. Each of the six banks to be acquired by the holding company ranks first or second in assets among the banks headquartered in their respective cities. If the acquisition is consummated, the holding company will far outstrip in size the other banks in those cities. There is one other state-wide bank holding company in New York, The Marine Midland Corporation, whose affiliate banks are located in many of the same cities as those in which the Morgan Guaranty bank holding group are located. But Marine Midland's assets of about $2.6 billion are less than one-half those of the Morgan Guaranty group.

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Enclosures are copies of appendix which are being considered as part of basic memo and of that enclosure.

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In light of the foregoing, a serious question is presented of possible violation of the Sherman and Clayton Acts by the Morgan Guaranty proposed holding company combine. In our consideration of this matter, it is important to obtain information as to the anti-competitive and monopolistic effects on commercial bank competitors which may be reasonably expected to result from the proposed holding company. With the financial power of the holding company behind them, the six upstate banks will probably be able to secure more capital, make more loans, attract more deposits, and offer a more extensive and greater variety of trust, investment and other services than the remaining commercial banks in their communities. These advantages may also accrue to Morgan Guaranty itself.

Accordingly, it is requested that agents of the Bureau interview high-level officers (e.g., President, Executive Vice-President, Chairman of the Board) of commercial banks which are in competition with the six upstate banks listed above to obtain information on the matters set forth below. The banks whose officials should be interviewed are listed in the appendix hereto.

Information to be obtained from the persons interviewed should cover the matters suggested by the following questions:

1. Does your bank presently compete with any of the banks in the Morgan Guaranty holding company group (these seven banks are sometimes hereinafter referred to as the "affiliate banks") for deposits, loans, trust, investment or other banking services? If so, please explain.

2. Who are the correspondent banks of your bank? Of the affiliate banks?

3. Does your bank participate in loans with any of the affiliate banks? If so, please explain and indicate the volume of such loan participations with each of the affiliate banks in the past five years.

4. Are the present banking needs of your community (including the needs of small business, large business, individuals, corporations) being adequately met by the existing banks in the community (i.e., the existing banks assuming there were no Morgan Guaranty holding company established)? Please explain.

5. Can the banking needs of your community which may be reasonably expected in the future (next 2 years; next 5 years; next 10 years) be adequately met by the existing banks in the community? A variation of this question is: To what extent can the future banking needs of your community be adequately met assuming a normal growth of the existing banks and without the Morgan Guaranty combine? Please explain.

6. To what extent has there been an increase in the level of concentration of commercial banks and banking in your community? What commercial banks have been merged or acquired by other banks in your community (naming such other banks) from 1950 on? From 1955 on? Have any other commercial banks in your community gone out of business since 1950, and if so, when and why did they go out of business? Have any new banks started in your community since 1950; list such banks and when they started in your community.

7. If any new branch offices have been established in your community since 1950, list them, and state when they started and what bank they belong to.

8. This is crucial: To what extent, if any, will your bank's competitive position be weakened if the Morgan Guaranty holding company plan is consummated? Will your bank's growth or prospects be diminished? Will your bank lose depositors, borrowers, trust, investment or service accounts, new capital venturers; will the growth in these categories which you could otherwise reasonably anticipate be diminished? If said holding company plan is consummated, in what way will the affiliate bank in your community be in a more favorable competitive position and what competitive advantages will the affiliate have over your bank and the other banks in the community? (The foregoing should be developed in detail).

9. Will your bank feel the need to merge, consolidate, go out of business or enter into a holding company arrangement with other banks if the Morgan Guaranty holding company plan is consummated? Please explain.

10. Has your bank's competitive position as compared to the other banks in your community remained about the same, worsened or improved since 1950? Since 1955? Explain the reasons.

11. Give the same kind of information as is called for in item 10, for the affiliate bank in your community.

12. To what extent, if any, and how do the affiliate banks presently compete with one another.

13. Is your bank in competition to any material extent with the other banks in your city, your county, your state banking district, New York City, other banks in other areas in New York State or the nation? From what geographic areas do you derive 75% of your deposits and 75% of your loans? 50% of these categories?

14. Give the same kind of information as is called for in item 13, for the affiliate bank in your community.

15. Any other information relevant to determining the competitive impact of the holding company on the interviewed person's bank and other banks in the community should be developed.

The officials being interviewed may be informed that the purpose is not to investigate their bank's operations but to obtain information which may be helpful to consideration of the Morgan Guaranty matter. If the interviewed persons can supply information which will aid our position, particularly with reference to items 8 and 15, supra, we would welcome affidavits from them, although we would not insist that they furnish affidavits.

If you have any question as to the foregoing, please communicate with Samuel Z. Gordon of my staff. (REpublic 7-8200, Ext. 2416; Room 3317, Department of Justice building).

Your cooperation in this matter is greatly appreciated.

APPENDIX

Banks Whose Officials Should be Interviewed

Buffalo Area:

- Liberty Bank and Trust Company
- Bank of Buffalo
- Lincoln National Bank
- State Bank of Kenmore
- First National Bank, Batavia

Rochester Area:

- Security Trust Company
- Central Trust Company
- Canandaigua National Bank & Trust Co., Canandaigua
- National Bank of Geneva, Geneva
- First National Bank & Trust Company, Corning

Albany Area:

- State Bank of Albany
- First Trust Company
- Industrial Bank of Commerce of Albany
- Mechanics & Farmers' Bank
- First National Bank of Scotia
- National Bank of Cohoes
- Union National Bank, Troy

Syracuse Area:

- Merchants National Bank and Trust Company
- Lincoln National Bank and Trust Company *
- Solvay Bank
- First National Bank, Mexico

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* Mr. Carl H. Maar, President of this bank, should be interviewed. He has voiced his objections to the proposed holding company combine both to the New York Superintendant of Banks and to the Department. He may also be able to furnish the names of other bankers in New York State who share his views and, if so, they should be interviewed.

APPENDIX (Cont'd.)

Utica Area:

Bank of Utica
Citizens First National Bank, Frankfort
Rome Savings Bank, Rome

Binghamton Area:

The Industrial Bank
Oswego National Bank, Oswego

New York City Area:

The First National Bank of Spring Valley, New York **

** Mr. Charles W. Hawkins of this bank should be interviewed primarily because he is on the Executive Council of The Independent Bankers Association, which has been opposed to the growth of bank holding companies. Mr. Hawkins may be able to supply the names of other New York State bankers who will be of aid to our position, and if so, they should be interviewed.

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REPT. WILL BE SUBM
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To: SAC, New York

Fr   rector, FBI

[illegible] GAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
ANTITRUST
(OO: NEW YORK)

Enclosed for each office are two or more copies of Antitrust Division's memorandum dated 10/6/61 requesting certain investigation.

It is absolutely necessary that this matter receive immediate and continuous attention and that it be completed at the earliest possible date. It will be necessary, therefore, to insure that the investigation in Resident Agencies be commenced immediately and completed promptly.

Agents to whom this matter is assigned will note on page 4 of the enclosed memorandum that the banking officials interviewed may be informed that the operations of their banks are not under investigation, but that their assistance is desired in connection with the Morgan Guaranty matter. These Agents will also note that the Antitrust Division requests that affidavits be obtained if pertinent information is furnished by the interviewees. If the interviewees are willing to furnish a written statement, such should be in the form of signed statements usually prepared in Bureau cases.

All offices note that individuals may be identified by interviewees as having information pertinent to this investigation. See the last paragraph on the first page of the appendix. Appropriate leads are to be set forth so that these individuals are interviewed.

Enclosures (2)
5 - Albany (Enclosures 5)
3 - Buffalo (Enclosures 3)

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All individuals contacted are to be advised that this investigation is being conducted at the request of the Attorney General. The enclosed memorandum is not to be made available to or displayed to individuals contacted. Under no circumstances is a written list of questions to be furnished to interviewees. In the event such a written list is requested, submit that request to the Bureau in the form of a letterhead memorandum requesting that the Antitrust Division prepare such a list if it deems it advisable. The use of a letterhead memorandum is to be similarly used in the event other problems arise requiring the advice of the Antitrust Division.

All offices note that high-level officials of various banks are to be interviewed. They undoubtedly will form opinions of the Agents conducting the interviews, and therefore, it is essential that the Agents review thoroughly the information furnished by the Antitrust Division so that the interviews are conducted in a most impressive and intelligent manner.

As stated above, this matter is to receive immediate and continuous attention so that it will be completed at the earliest possible date.

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

Tolson
Belmont
Mohr
Callahan
Conrad
DeLoach ✓
Evans
Malone
Rosen
Sullivan
Tavel
Trotter
Tele. Room
Ingram
Gandy

TO : Mr. Rosen DATE: 10/9/61

FROM : A. J. McGrath

SUBJECT: BANKING INDUSTRY, NEW YORK
MORGAN NEW YORK STATE CORPORATION
ANTITRUST

This case involves the proposed formation of a bank holding company named Morgan New York State Corporation which is to acquire the interest of seven large banks in New York State. The Morgan Guaranty Trust Company of New York (MG) is seeking approval of New York State and Federal Reserve Board to form the holding company, of which MG will own 78 per cent of the capital stock.

It is noted that should the proposed holding company be approved, it would control assets of over six billion dollars, making it the largest bank holding company in the nation.

The Antitrust Division of the Department indicates this holding company combine of MG poses a question as to the possible violation of the Sherman and Clayton Acts regarding monopolies and restraint of trade. The Antitrust Division requests we interview high level executives of 27 banks which would be in competition with those banks involved in the proposed holding company to ascertain the effect on competitive banks should the holding company be approved.

ACTION:

Our New York, Buffalo, and Albany Offices are being instructed to institute the investigation requested by the Antitrust Division.

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UNITED STATES GOVERNMENT

Memorandum

~~TO~~ : SAC, ALBANY (Your file

DATE: 10/31/61

To: ~~FROM~~ : Director, FBI (Bufile and Serial 60-5733-2)
(Room No. ~~2252~~

File

SUBJECT: MORGAN NEW YORK STATE
CORP; MORGAN GUARANTY TRUST
COMPANY OF NEW YORK
ANTITRUST
OO: NEW YORK

☐ 1. Bufiles indicate this case is delinquent. Give specific reason for delinquency.

☒ 2. Date ☐ letter ☒ report ☐ submitted ☒ will be submitted 11/14/61

☐ 3. If valid reason exists for not submitting report at this time, state reason specifically and when report will be submitted President of Bank of Utica is expected to return from Hawaiian vacation 11/[illegible]/61. Report will be submitted after interview of him.

☒ 4. Status of investigation

☐ 5. ☐ Sulet by
☐ Surep

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(Place reply hereon and return to Bureau. Note receipt and acknowledgment on top serial in case file)

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Morgan New York State Corporation

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RELEASE AT 6:30 PM

New York, New York

(DAN)

WASHINGTON--REP. EMANUEL CELLER, D-N.Y., SAID TODAY HE HAS WRITTEN ATTORNEY GENERAL ROBERT [illegible] KENNEDY THAT PROPOSALS OF MORGAN GUARANTY TRUST CO. AND [illegible] TRUST CO. OF NEW YORK TO FORM BANK HOLDING COMPANIES [illegible] "GRAVE ANTITRUST CONSEQUENCES."

CELLER, CHAIRMAN OF THE HOUSE ANTIAATRUST SUBCOMMITTEE, ASKED KENNEDY TO KEEP IT INFORMED ABOUT ANY JUSTICE DEPARTMENT ACTIONS REGARDING THE PENDING PROPOSALS.

CELLER SAID THE MORGAN GUARANTY PLAN TO CREATE A HOLDING COMPANY TO OWN ITS STOCK AND THAT OF SIX UPSTATE NEW YORK BANKS WOULD HAVE AN "ANTI-COMPETITIVE EFFECT" IN BOTH NEW YORK CITY AND THE UPSTATE AREA.

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WASHINGTON CAPITAL NEWS SERVICE

(5-12-55)

FEDERAL BUREAU OF INVESTIGATION

Office	Office of Origin	Date	Investigative Period	
ALBANY	NEW YORK	11/9/61	10/16 - 11/7/61	

OF CASE	Report made by	Typed By:
MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK	RAYMOND L. JOHNSON	bsp
	CHARACTER OF CASE ANTITRUST	

Reference:

Bureau airtel to New York dated 10/10/61.

-RUC-

Administrative Data:

Inasmuch as the correspondents of the affiliate bank in the Syracuse area, the First Trust and Deposit Company, were obtained from Mr. CARL MAAR and set forth in separate FD-302, inquiry for those names was not made in the other interviews in the Syracuse area.

To avoid repetition, information as to branches in the Syracuse area was not requested of every person interviewed but was requested and set forth only once from most likely source.

Approved WDF — Special Agent In Charge

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made:

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1 - Albany (60-232)

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☆ U. S. GOVERNMENT PRINTING OFFICE: 1955 O—344750

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Administrative Data:

Since Mr. CARL H. MAAR, President, Lincoln National Bank and Trust Company, had already furnished a copy of that bank's brief to the Department, it was not deemed advisable to obtain a signed statement from him.

Signed affidavits were not requested of the officials of the Solvay Bank and the First National Bank of Mexico, as they did not furnish information in support of the Department's position with respect to items 8 through 15 of the memo of October 6, 1961.

A signed statement was not obtained from GORDON L. BANKER, President, Union National Bank, Troy, New York as he stated any statement prepared would have to be turned over to his attorneys for review~~al~~ prior to the time he signed same. Information obtained from other persons interviewed in the Albany area was not considered sufficiently pertinent to warrant the taking of signed statements.

On October 24, 1961, JOHN J. SINNOTT, III, Comptroller, Bank of Utica, Utica, New York, advised ROGER SINNOTT, President of the bank, and the only one who could speak for the bank, was on vacation and not due to return until November 2, 1961, after which he would be available for interview.

FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of: SA RAYMOND L. JOHNSON
Office: Albany, New York
Date: November 9, 1961

Field Office File No.: 60-232
Bureau File No.:

Title: MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Character: ANTITRUST

Synopsis: President, Mechanics and Farmers Bank of Albany, considers Albany a small town and does not think proposed holding company will do anything for the area. He does not object to same. Executive Vice President, Industrial Bank of Commerce of Albany, believes holding company will be non-autonomous. Effects on Industrial Bank will be contingent upon future activities of proposed holding company. Senior Vice President, First Trust Company of Albany, thinks holding companies have a place in the banking field and thinks it would be good for there to be competition between holding companies. President, State Bank of Albany, said prior to the New York State Banking Department approval of the proposed holding company, he saw no need for one in Albany. Now that the Banking Department has approved the holding company, he hopes that state and other authorities will permit State Bank of Albany to grow through acquisition of additional banks. Executive Vice President, First National Bank of Scotia, said he cannot see as to how that bank's competitive position would be weakened in any respect if the holding plan is consummated. President, The National Bank of Cohoes, said effects on competitive position of that bank would depend upon attitude of the proposed holding company. He does not fear same. President, Union National Bank, Troy, New York, said if proposed holding company is approved, it will be the end of small banks and a downfall to small business in New York. Cashier, Owego National Bank, and President, Industrial Bank,

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Synopsis (continued):

Binghamton, New York, do not believe proposed holding company will have any effect on competition. President, Lincoln National Bank and Trust Company of Central New York, Syracuse, New York, said long-range effect of the consummation of the proposed holding company would be to severely lessen the competitive position of his bank. President, Solvay Bank, is not opposed to proposed holding company and believes it would aid large industries. Vice President, First National Bank of Mexico, Syracuse, New York, feels very strongly that consummation of the holding company will be another step toward the condition of banks in Canada, where there are only five banks in the entire country. He opposes formation of the holding company. President, Merchants National Bank and Trust Company, Syracuse, said if proposed holding company is formed, it will weaken that bank's competitive position. President, Citizens First National Bank, Frankfort, New York, advised bank has taken stand not to oppose establishment of holding company. Advised such holding company may be beneficial to his bank. President, Rome Savings Bank, Rome, New York, advised his bank has taken no stand against holding company and has no fear of competition. President, Bank of Utica, New York, advised his bank has taken stand in leaning toward such a holding company because he feels bigness of Oneida National Bank and Trust (affiliate bank at Utica) has hurt bank to date.

- RUC -

DETAILS:

FEDERAL BUREAU OF INVESTIGATION

Date 10/26/61

DOUGLAS W. OLCOTT, President, Mechanics and Farmers Bank of Albany, 63 State Street, advised that bank was formed in 1811, and has approximately $20,000,000.00 in assets and $45,000,000.00 in trusts. The bank opened a branch at 1084 Madison Avenue, Albany, in 1956 and a second branch at Stuyvesant Plaza, Guilderland, New York, in November, 1959.

He stated the New York State Banking Department sent a letter out to various banks in the past, asking for comments and/or objections to the proposed holding company being formed by the Morgan Guaranty Trust Company of New York, and other New York banks. He said he did not answer this letter.

OLCOTT stated they compete with banks only in the Albany area. The State Bank of Albany, First Trust Company of Albany, and the National Commercial Bank and Trust Company are larger than the Mechanics and Farmers Bank of Albany and they compete with them in certain regards. They compete with respect to deposits, trusts, and individual loans. The Mechanics and Farmers Bank does not handle dealer accounts and does not compete with loans of this type.

He advised the Mechanics and Farmers Bank has the following correspondent banks:

Manufacturers - Hanover, New York, New York;

Chase-Manhattan National Bank, New York, New York;

Bankers Trust Company, New York, New York;

Manufacturers National Bank of Troy, Troy, New York (clearing account);

On 10/17/61 at Albany, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/23/61

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Mohawk National Bank, Schenectady, New York (clearing account).

He stated he believes that the National Commercial Bank and Trust Company has as correspondents the Manufacturers - Hanover Bank and the Chase-Manhattan National Bank. He advised that Polk's Bank Directory will reflect their correspondents.

He said they are presently participating with the National Commercial Bank and Trust Company on a $41,000.00 loan to the Albany Academy for Girls. Mechanics and Farmers Bank has approximately $10,000.00 or $11,000.00 remaining of that loan. This is the only loan in which they have participated in the past five years and this loan originated approximately three years ago and in amount of approximately $150,000.00. He said the National Commercial Bank and Trust Company was servicing agent for a loan in which ten banks shared and which was made to the Rapid Park Elevated Automobile Parking Company in Albany, New York.

He stated the Niagara Mohawk Power Corporation has borrowed funds at various times in which about twenty Upstate New York banks have been invited to share. The present loan is for $45,000,000.00. Mechanics and Farmers has participated in at least three of these loans over the past five years with their commitment being up to $200,000.00, i.e., the maximum loaning power of the bank. The Niagara Mohawk Power Corporation loans are handled by the Morgan Guaranty Trust Company of New York, which is the servicing agent.

OLCOTT stated that the banking needs of the Albany area which may be reasonably expected over the course of the next two, five and ten years, can be adequately met by the existing banks in the area, the same as they have in the past. He pointed out as an example when the Albany Medical Center

Hospital needed funds of approximately $2,000,000.00, the First Trust Company, National Commercial Bank and Trust Company, State Bank of Albany and Mechanics and Farmers Bank agreed to participate in this amount. He said historically, the banks have always "chipped" together and met the needs of the community.

He said he questions, in the event the proposed holding company is consummated, whether the National Commercial Bank and Trust Company would have the same freedom of action to donate as charitably as it has in the past to the various community functions.

He stated there have been no new commercial banks and no commercial banks have gone out of existence in the Albany area since 1950. The State Bank of Albany took over the National City Bank of Troy about three or four years ago together with its branches. The State Bank of Albany took over the Rensselaer County Bank about fifteen years ago. He stated to date there has been no "hook-up" between banks of Albany and Schenectady or Schenectady and Troy, New York.

He stated the National Commercial Bank and Trust Company opened a new branch at the State Campus Site, Albany, New York, within the past year; the First Trust Company of Albany opened its Dealware Avenue, Albany, Branch within the past few years; and that there have been a number of other new branches opened in the area which he cannot name.

Regarding the bank's competitive position in the event the proposed holding company is formed, OLCOTT related the following:

He considers the City of Albany to be too small to be carried away by admiration for the name of Morgan. With respect to trusts, he believes that people do not want their estates run by someone on Wall Street and he, therefore, is optimistic and believes the Mechanics and Farmers Bank will benefit trust-wise if the holding company is formed. Mechanics and Farmers Bank customers are not interested in foreign loans and investments as indicated by the Morgan group.

Regarding deposits and loans, he said the National Commercial Bank and Trust Company is rigid and that if a customer wants to borrow money, the bank wants their account also. He said some people do not wish to be dominated by the bank and it is his opinion that with the advent of the holding company, people may think the bank will become more authoritative and as a result of same, Mechanics and Farmers Bank may benefit. He added he has no reason for resentment over the proposed holding company or any jealousy of it. He said if the holding company had any intentions to grow and buy up other banks in the state, it would be different. He mentioned that in the past he has had bids from the Marine Midland group as they desired to have a bank in Albany, but he declined as he believed it would ruin his trust business.

Regarding the before-mentioned statement relative to the Morgan Guaranty Company acting as servicing agent for the Niagara Mohawk Power Corporation loans, he said that the proposed holding company could be a threat in this regard as they, Mechanics and Farmers, might not be invited to participate in loans of this type as with the assets of the combined group in the holding company, there might not be any need to invite other banks to participate. He added there was also the possibility that, in that event, they might lose Niagara Mohawk's $100,000.00 payroll account. He said, however, that a loss of either the payroll account or loan participation would not put them out of business. He said that these larger loans would be at a prime (lower) interest rate and that in the event they lost further business along this line, they could make up for it by lending money on car loans at a higher interest rate.

He stated he does not think the proposed holding company will do anything for the area. He added Albany is not a large city and there are no large corporations here which would need million-dollar loans. Regarding small businesses, he said they are "pretty well" taken care of and pointed out the First Trust Company has a charge account service, and the National Commercial Bank and Trust Company has a small business trust set up. He further said that with the five savings banks in the city, the savings and loan associations and the commercial banks, there is no additional need for banking in the area.

He mentioned that the bank has a large frozen food customer who has had an account for fifteen years. Loans have been made up to $200,000.00 to this customer. This customer is expanding and in the event the customer some year needed as an example $350,000.00, which is over the loaning limit of Mechanics and Farmers Bank, he would like to be able to participate with another bank for that loan. He said this is a potential threat of loss of business as the quarters in which the customer is moving into are owned by one of the directors of the National Commercial Bank and Trust Company.

He said the growth of the Mechanics and Farmers Bank has been slow and steady and he believes their assets will be approximately $25,000,000.00 in five years. In the event the holding company is consummated their, Mechanics and Farmers', growth may be accelerated as people like to do business directly with their banker, not with a holding company. He again pointed out that Albany is "really a very small town" and the people are not geared-up for the New York City scale of thinking.

He said he cannot put his finger on any definite serious threat which the proposed holding company will offer his bank. He said he does not like the holding company in theory, but thinks they will gain business as a result of being in competition with it.

He stated if the proposed holding company is formed that they would not go out of business. He advised New York thinking is that if they received an offer to merge with another bank or group of banks, it would be better to wait five years before doing so. The reason is that a better offer might be obtained five years from now than now as if the proposed holding company works, the idea might appeal to another group to set up a bank in the capital city. He said at the present time they have no plans to merge or consolidate.

He stated Merchanics and Farmers' comparative position to the National Commercial Bank and Trust Company and the State Bank of Albany has decreased but that this is due to the other two banks having taken over numerous outlying banks. Their comparative position has not decreased in Albany itself. Trust-wise, their position has doubled. Comparative-wise with respect to loans, he stated the First Trust Company of Albany got the "jump" on auto dealer paper but to do this, they sold out home mortgages. Mechanics and Farmers has not done so because this would ruin their trust business.

He advised that the State Bank assets are greater than the National Commercial Bank and Trust Company's but that the National Commercial Bank is larger and more dominant because of having taken over a large number of branches in the state since 1950.

He stated he does not know as to whether or not the National Commercial Bank and Trust Company competes with the other members of the proposed holding company.

He stated Mechanics and Farmers competes locally, i.e., Albany City and County and Rensselaer County. Seventy-five per cent of their deposits and loans come from Albany County. They do not encourage loans from outlying areas.

He said he does not know as to what geographic area National Commercial Bank and Trust Company draws the bulk of its deposits and loans from inasmuch as they cover an area from the Canadian border to Hudson, New York. He mentioned

National Commercial participates in large national concerns' loans also.

He stated there are just as many factors for a holding company as against a holding company and he is not afraid of any competition they may offer.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/26/61

ROYAL NORRIS, Executive Vice President, Industrial Bank of Commerce of Albany, 50 State Street, advised the following:

That bank is a part of the Financial General Corporation (holding company), 103 Park Avenue, New York, New York. The banks in this corporation are as follows:

Industrial Bank of Commerce of Albany;

Alexandria National Bank (Virginia);

Arlington Trust Company (Virginia);

State Bank of Blue Island (Illinois);

Bank of Buffalo (New York);

The Bank of Georgia, Atlanta;

Manchester Morris Plan Bank (New Hampshire);

Bank of Commerce, New York City;

Pullman Trust and Savings Bank, Chicago;

Industrial Bank of Schenectady (New York);

American National Bank of Silver Spring (Maryland);

Standard State Bank, Chicago;

The Tennessee Valley Bank, Knoxville;

Union Trust Company of the District of Columbia;

On 10/18/61 at Albany, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/23/61

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The First National Bank of Washington
(District of Columbia).

The Industrial Bank of Commerce of Albany (hereafter referred to as Industrial Bank), does not have any branches but is attempting to obtain one on New Scotland Avenue, Albany. The assets of the bank are slightly under $6,000,000.00 and it is the smallest bank in the Capital area by far.

The Financial General Corporation was formerly the Morris Plan Corporation of America and the Industrial Bank was originated in 1915 as the Morris Plan of Albany. In the 1930's it became the Morris Plan Industrial Bank and in 1945 or 1946, was changed to the Industrial Bank of Commerce. In 1945, Financial General Corporation obtained the controlling interest in the bank.

The Morris Plan Corporation of America was at one time a holding company for Morris Plan banks and had a minority interest in forty or fifty of them. Before the days of the Industrial Bank Plan in New York State, they could not take deposits and at that time commercial banks were not interested in consumer credit. In the 1930's, the Industrial Banking Act was formed in New York State, of which they became a part. As time went by, they obtained the right to maintain checking accounts. At the present time there is little difference between an industrial bank and a commercial bank except that there are no trust powers under the Industrial Banking Act. There are now only about six banks left in New York State which are under the Industrial Banking Act as other banks have become a part of the New York State Bank and Trust Company Act.

They have one-hundred per cent autonomy over operations. He has been with Financial General since 1927, working in New York City. He has had experience across the country organizing banks and in 1945, he came to Albany. During that period there has been no policy relative to the operations of the member banks. The only tie-in with Financial General is that one director of Industrial Bank of Commerce is from the Financial General Corporation. He believes that if self-autonomy can be maintained, it is an advantage, and he does not approve of the lack of self-autonomy possible with some holding company operations.

Regarding statements as to what a holding company can do for the area with its large resources, he does not agree with that as banks in an area can always participate in loans with one another without the formation of a holding company. One of the disadvantages of the proposed Morgan Guaranty and Trust Company holding company is that a member bank is subject to dictatorship from some distant point. He added if you have a holding company whereby banks make their own policy and are not subject to the policy of the head office, that this would be desirable. He does not believe that the formation of the proposed holding company would benefit the Industrial Bank of Commerce. He added it might not help them at all and stated as an example that the Industrial Bank of Commerce "pushes" package plans, i.e., loans and savings accounts, etc., and to put this type of operation over it requires expenditures. A large bank could afford to advertise more so than their bank and this would be to their disadvantage. He added at the present time the National Commercial Bank and Trust Company, with their $400,000,000.00 in assets, can afford large advertising out-lays and that a holding company would not have any other effect on this.

Industrial Bank does not compete from the standpoint of trusts as they are not impowered to handle trusts. They compete with all the banks in the area regarding deposits. There greatest competition is in the consumer credit field. Their size limits them to the extent of an individual loan, that is ten per cent of the capital funds, which means approximately $60,000.00. As a practical matter, they do not participate with other members of the Financial General Corporation in loans. The activities of the Industrial Bank of Schenectady and the Industrial Bank of Commerce of Albany are wholly unrelated.

The Industrial Bank has as a correspondent the Bank of Commerce, New York, New York, but does not make much use of it.

Mr. NORRIS displayed the Polk's Directory of Banks dated in 1960, which reflects the following correspondent banks for National Commercial Bank and Trust Company:

Bank of New York, New York;

Bankers Trust Company, New York;

Chase-Manhattan Bank, New York;

Chemical Bank, New York Trust Company,
New York;

First National City Bank, New York;

The Hanover Bank, New York;

Irving Trust Company, New York;

Manufacturers Trust Company, New York;

Marine Midland Trust Company, New York;

Morgan Guaranty Trust Company, New York;

Continental Illinois Bank and Trust Company,
Chicago;

Northern Trust Company, Chicago;

First National Bank, Boston;

National Shawmut Bank, Boston;

Philadelphia National Bank, Philadelphia;

Mellon National Bank and Trust Company,
Pittsburgh;

Bank of Commerce, NT&SA, Los Angeles;

California Bank, Los Angeles;

National Bank of Detroit, Detroit;

Bank of Montreal, Montreal, Canada.

The Industrial Bank does not participate in loans with the National Commercial Bank and Trust Company or any other bank.

He very definitely believes that the banking needs of Albany from the standpoint of small businesses, large businesses, individuals and corporations are being adequately taken care of by the existing banks in the community. He pointed out there are four other commercial banks with two of them, National Commercial and the State Bank of Albany, having assets of over $400,000,000.00. These two large banks, while not holding companies at present, have branches and are spread out to outlying areas. The resources of commercial banks in Albany are close to one billion dollars.

He believes the banking needs of the future of the Albany area can be adequately met by the existing banks of the community without the formation of the proposed holding company. He added savings banks in the area have a large amount of money loaned in California, Texas and Arizona on mortgages and that this money could be utilized in this area if the needs were present. He added two of the Albany savings banks have two-hundred million dollars in deposits. Regarding large loans, the commercial banks can always participate in handling same as they have before.

No new banks have been formed in Albany since 1950 and none have gone out of business since that time. Albany, with its population of approximately 128,000, has five commercial banks and five savings banks. The National Commercial and the State Bank of Albany have acquired a large number of banks out of the area. The largest acquisition relates to when the State Bank acquired the National City Bank of Troy and its branches two or three years ago. Aside from the City of Albany, in Albany and Rensselaer Counties there are only about five banks which are not part of the National Commercial, the State Bank of Albany, or the Marine Midland banks.

The National Commercial Bank has approximately thirty-two offices, both in and out of Albany. The State Bank of Albany has twenty-odd offices. He cannot state as to which branch offices have been established since 1950.

The Industrial Bank's competitive position might be weakened if the Morgan Guaranty holding plan is consummated due to advertising resources in connection with promotions, as previously indicated. Regarding interest rates, they could not afford to charge the low interest rates a larger bank might be able to and if the rates were decreased in the area, they might possibly take a loss for a short time. He added the First National Bank of Scotia presently charges 3½% interest on new automobile loans and that this rate is lower than what the Industrial Bank can afford to charge. He said, however, a certain amount of competition is necessary in public interest.

He said he does not think the proposed holding company will help Industrial Bank's position; however, that is pure speculation and there is the possibility that the Industrial Bank may benefit. Some people like to do business with a small bank and in his opinion, banks can get too big.

The Industrial Bank's rate of growth with respect to deposits and loans may diminish if the holding company plan is consummated. This relates to what kind of money the holding company could spend in publicity and promoting different plans and campaigns which would be productive in greater deposits. He pointed out there is no comparison between banks with $6,000,000.00 in assets as against banks with $6,000,000,000.00 in assets.

He believes that the proposed holding company will be non-autonomous and there already are rumors that one person, i.e., JOE HUDSON of Lincoln Rochester Bank, would head up the office for all consumer credit operations. He again said in a non-autonomous group, the policy is set at one point.

Regarding National Commercial Bank, in addition to what he said, he added the National Commercial would be able to handle larger loans than the State Bank of Albany. They also might be able to buy paper (small loans) on a state-wide basis which no other bank could handle except on a participating basis.

He does not believe their bank will feel any need to merge, consolidate or go out of business if the holding company plan is consummated. He said this would be contingent upon the activities of the holding company, i.e., it could be possible if the holding company with their greater resources started a campaign to drive them out of business.

The Industrial Bank's competitive position has worsened with respect to the larger banks in Albany due to the purchase by the larger banks of new offices, principally since 1955. Their position has not improved also due to the more strenuous efforts on the part of savings banks. Savings banks have drawn on the deposits of all commercial banks because of higher interest rates offered depositors.

The National Commercial Bank and Trust Company's competitive position has improved since 1950 and 1955 because they have acquired banks and opened new branches. He added for a period the National Commercial and the State Bank were "running neck and neck" on acquiring new banks but in the last seven years, the National Commercial Bank has forged ahead. He said the National Commercial Bank's resources have gone up tremendously as a result of acquisitions in the last ten years.

He does not know to what extent, if any, the National Commercial Bank and Trust Company competes with other members of the proposed holding group. He does not believe that this would be much of a factor as the other members of the group are located in different parts of the state.

The Industrial Bank competes only in the immediate vicinity, i.e., Albany and Rensselaer Counties. Seventy-five per cent of their deposits and loans are drawn from this area.

The National Commercial Bank and Trust Company's offices extend from Hudson to Plattsburgh, New York, and a good percentage of their deposits come from those areas. He has no way of knowing the percentage of deposits of the National Commercial obtained from the outlying areas or the immediate area. National Commercial competes with the State Bank of Albany in these outlying areas.

He stated he has no other information relative to determining the competitive impact, if any, of the holding company on the Industrial Bank or other banks in the community.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/27/61

JOHN A. BECKER, Senior Vice President and Trust Officer, First Trust Company of Albany, Broadway and State Street, advised the following:

The First Trust Company of Albany has assets of approximately $91,000,000.00. In addition to the Main Office at Broadway and State Street, it has the following other branches:

Delaware Avenue Office, 403-407 Delaware Avenue, Albany, opened about three or four years ago;

South End Office, South Pearl Street and Madison Avenue, Albany, opened about 1900;

Washington Avenue Office, 252-254 Washington Avenue, Albany, opened about 1925;

West End Office, Central Avenue at Main Avenue, Albany, opened in 1947;

Colonie Office, 1230 Central Avenue, Colonie, New York, opened in 1948;

Johnstown Office (formerly Johnstown Bank which was acquired by merger), 106 W. Main Street, Johnstown, New York, acquired in 1961.

The First Trust Company of Albany is a stockholder (1.8%) in the Small Business Investment Company of New York, Inc., which was formed to create a pool of money that can be loaned, principally to corporations that cannot qualify for loans or who are not sufficiently established and approved. Twenty-seven banks hold 100% of the shares of this corporation. The banks include the Morgan Guaranty Trust Company of New York

On 10/19/61 at Albany, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/24/61

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and the other six banks located in New York State which are proposed members of the holding company being formed by Morgan Guaranty.

First Trust Company competes with the National Commercial Bank and Trust Company with respect to deposits, loans and trusts but not in investment service. This competition is limited to the City of Albany. They do not compete in Johnstown, New York. The competition is reasonably active, not cut-throat competition, and could be classified as normal competition. The National Commercial Bank and Trust Company is able to handle larger loans and the First Trust Company is able to give more personal service.

The First Trust Company has the following correspondent banks:

Bankers Trust Company, New York;

Brown Brothers, Harriman and Company, New York;

Chase-Manhattan Bank, New York;

Chemical Bank, New York Trust Company,
New York;

First National City Bank, New York;

Morgan Guaranty Trust Company, New York;

Hanover Bank, New York;

Irving Trust Company, New York;

Manufacturers Hanover Trust Company, New York;

Marine Midland Trust Company, New York;

Union National Bank, Troy, New York;

Continental Illinois National Bank and Trust Company, Chicago;

First National Bank, Chicago;

Manufacturers National Bank, Detroit;

First Pennsylvania Banking and Trust Company;

Tradesmen Bank and Trust Company, Buffalo;

Mohawk National Bank, Schenectady, New York;

Royal Bank of Canada, Montreal, Canada.

(Mr. BECKER stated he does not desire that the correspondent banks of the First Trust Company become public knowledge. He pointed out that Polk's Directory, wherein correspondents of various banks are listed, does not list all of the correspondents of each bank and should the information relative to their correspondents become known to other banks, it could be embarrassing to the First Trust Company.)

He stated he does not know the correspondents of the National Commercial Bank other than those listed in Polk's Bank Directory.

The First Trust Company participates in loans with the National Commercial Bank and Trust Company only in matters of a civic type such as loans for hospitals, park and shops, etc., where all banks are solicited and a pool of credit is obtained in the city.

In response to a question as to whether he considers the present banking needs of the Albany area being adequately met by the existing banks, he replied that this is a very difficult question. He added that speaking of holding companies in general, he is neither for nor against a holding company. He related that holding companies have a place in the banking field and cited Marine Midland as being a good example. He said Marine Midland has not pushed other banks out of business and he thinks it would be good to have competition, i.e., one holding company against another. Money is needed for big loans and lay-offs and the Marine Midland has enjoyed a monopoly in this regard. He thinks they might be in a better position if a holding company enters the field provided they are supervised and do not buy up all other banks so as to reduce banking to one large bank. He pointed out another chain might give competition to the Marine Midland and help independent banks.

He stated the existing banks in the Albany area are able to handle the needs but it is more awkward for the banks and for large corporations due to the needs of some large corporations for large loans. He pointed out that for example, if the Ravena Cement Company which is under construction, comes in for a $6,000,000.00 line of credit in Albany, a bigger bank could handle it whereas existing ones could not.

He also stated that a holding company could offer more highly paid experts for investment advisories.

Mr. **BECKER** pointed out that there is a booklet on the market entitled, "The Bank Holding Company," which is "a study of America's least known type of bank organization," and which was issued in 1959 by Dr. **MARCUS NADLER**, Professor of Banking, and Dr. **JULES I. BOGEN**, Professor of Finance, Graduate School of Business Administration, New York University. He said this school has good views concerning holding companies and the need for them. As another example of what a holding company can do, he said that they are able to rotate men, train young men to take over higher positions, and furnish advice of all types. He said it is past history that holding companies saved banks in the mid-west during the early 1930s.

In response to a question as to whether the banking needs of Albany which may be reasonably expected in the next two to ten years can be adequately met by the existing banks, he stated that he is not good at projecting but that with the large growth of population, banks tend to increase deposits as needed. He said if profits are not paid out in dividends, the banks can continue to grow. He said a holding company is only as good as the men operating same. He continued the need for additional capital is not the only consideration for need of a holding company as independent banks can go to large correspondent banks for information regarding automation, answers to questions and expert advice furnished by holding companies, etc. In some cases, he stated depositors do not want to be in a holding company. He said the First Trust Company has always been able to take care of the needs of its customers in the past. He again pointed out that he is neither for nor against a holding company but would like to see competition between holding companies. He added that if holding companies took over more of the smaller banks it would be good for the public.

Regarding an increase in the level of concentration of commercial banks and banking, he stated that the National Commercial and the State Bank of Albany have obtained some outlying banks but not in the City of Albany. He said none of the commercial banks have gone out of business in Albany since 1950 and no new banks have been formed since that time. He added that the area is heavily banked with savings banks which are competition to commercial banks also. He said there is more competition from savings and loan associations.

He said he is not in a position to state as to what various branch offices have been opened in the community since 1950.

In the event the Morgan Guaranty holding company plan is consummated, he does not believe the First Trust

Company's competitive position would be weakened. He said some depositors will go to banks other than the holding company and there are prospects for growth. He said prospects for growth are increased in an area where a holding company has one bank as the holding company would not be able to acquire another bank in the same area.

He added he believes that growth in Albany will continue at a normal pace as long as good young men are available and on the staff of the bank. He believes this applies to all categories of banking, i.e., deposits, loans, trusts, etc. He does not believe that any particular operation of the bank would be affected by the proposed holding company.

Regarding any advantage National Commercial might have if the holding company is approved, he cited the marketability of holding company stock over the bank's own stock. Also more research would be available through the holding company, diversification of choice, a management pool, and economies through large central offices over small offices, etc.

He said the First Trust Company will not feel the need to merge, consolidate, go out of business or enter into a holding company arrangement with other banks if the Morgan Guaranty holding company plan is consummated. He said if it is consummated, it will make them "try a little harder."

Regarding First Trust Company's competitive position as compared to other banks in the community since 1950 and 1955, he stated their capital has increased and progress, percentage and earning-wise, is as good or better than others. He stated the book value for bank stock is a good guide to this.

He advised the National Commercial Bank has grown during the same period and that both the National Commercial and the State Bank of Albany have done an excellent job. The reason for their growth is unknown.

He said he does not believe the National Commercial Bank is in competition with other members of the proposed holding company.

He stated the First Trust Company does not materially compete in other parts of the state or country and that seventy-five per cent of First Trust's loans and deposits are from the Albany area.

Regarding National Commercial Bank's geographic area of competition, he pointed out that bank has merged with banks over a wide area and that information as to the size of banks acquired would possibly be available with the State Banking Department.

Upon completion of interview of Mr. BECKER, First Trust Company of Albany Bank President EDWARD S. ROONEY returned to the bank and entered the room, at which time Mr. BECKER summed up his remarks concerning the affects of the proposed holding company on that bank, i.e., they were not against the holding company, have always been in competition with two larger banks in Albany, and the formation of same would make them work a little harder.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/27/61

EDWARD S. ROONEY, President, First Trust Company of Albany, stated that they are not afraid of the competition that might be offered by the proposed Morgan Guaranty holding company, he expects it would be "tough" competition, but that they "are not going to die." He said the First Trust Company has always been able to take care of the needs of the area before and has been in competition with two larger banks of which the First Trust Company is approximately one-fifth the size. He said the competition that will be offered by the proposed holding company will result from the large funds available to the holding company members and to the sources available to them for research. He added the name House of Morgan with its national and international connections will refer to holding company members.

On 10/19/61 at Albany, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/24/61

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FEDERAL BUREAU OF INVESTIGATION

Date 10/30/61

HOLLIS E. HARRINGTON, President, State Bank of Albany, 75 State Street, advised the bank's assets total approximately $469,000,000.00 and that the bank has the following branch offices in addition to the two offices in Albany:

Amsterdam (formerly Farmers National Bank), acquired 1953;

Chatham (formerly State Bank of Chatham), acquired 1953;

Cohoes (formerly National City Bank of Troy), acquired 1959;

East Greenbush, opened new in 1958;

Fort Plain (formerly Fort Plain National Bank), acquired 1961;

Germantown (formerly First National Bank of Hudson), acquired 1955;

Hudson (formerly First National Bank of Hudson), acquired 1955;

Johnstown (People's Office), opened 1946;

Latham (formerly National City Bank of Troy), acquired 1959;

Mechanicville, opened 1934;

Menands, opened 1948;

Plattsburgh (two offices)(formerly Merchants

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National Bank), acquired 1955;

Port Henry (formerly National City Bank of Troy), acquired 1959;

Richfield Springs (formerly Richfield Springs National Bank), acquired 1956;

Saratoga Springs (formerly Saratoga National Bank), acquired 1960;

Schoharie (formerly Schoharie County Bank), acquired 1956;

Ticonderoga (formerly National City Bank of Troy), acquired 1959;

Troy (formerly National City Bank of Troy), acquired 1959;

Watervliet, opened in 1948.

Regarding the proposed Morgan Guaranty holding company, he stated in August, 1961, he filed a letter of protest with the Superintendent of the Banking Department for the State of New York wherein he suggested the holding company not be approved based on the following:

For the past five years, certain people in Buffalo had been anxious to form a holding company that would compete with the Marine Midland and they, State Bank of Albany, discussed it but never became seriously interested in it. After the state freeze on holding companies was lifted in 1960, when the Legislature passed a bill permitting holding companies, the Buffalo group again approached the State Bank of Albany and again State Bank of Albany could see no need to join the group. He said he told the Superintendent of Banking that if they, State Bank of Albany, did not need to be a part of a holding company, the National Commercial Bank and Trust Company did not need a holding company either. He said no practical purpose would be served by the formation of the holding company.

He said subsequent to that time, the New York State Banking Superintendent approved the holding company and since the Superintendent has approved same, he, HARRINGTON, has now changed his thinking and from purely a competitive standpoint would like to see the holding company approved by the Federal authorities. He pointed out the State Bank has been sufficiently large that state and other authorities have been concerned about its size and now if this larger holding company is approved, the effect may be to take them out of this "straight jacket" as state and other agencies would not be thinking about the State Bank's size. This might enable them to acquire additional banks. He said since the Superintendent's decision is that this sort of thing (holding company) is proper, their, State Bank of Albany's, best hope is that it will be approved and that banks such as them (State Bank) will be given logical freedom to continue to grow.

The State Bank of Albany competes only with the National Commercial Bank and Trust Company in the proposed holding company group. This competition is in the City of Albany as well as the entire State Banking District #4. The State Bank of Albany has twenty-two offices whereas the National Commercial has thirty-two offices. The State Bank is larger in total resources, capital and business, i.e., State Bank's $469,000,000.00 as compared to National Commercial's $394,000,000.00 as of September, 1961. He said on an average they are about $54,000,000.00 greater than the National Commercial but that both have a large amount of state funds on deposit and the totals vary.

State Bank of Albany has the following correspondents:

Chase-Manhattan Bank, New York;

First National City Bank, New York;

Manufacturers Hanover, New York;

Chemical New York Trust, New York;

Bankers Trust, New York;

Grace National, New York;

First National Bank of Boston;

First Pennsylvania Bank, Philadelphia;

M & T Trust Company, Buffalo;

Liberty Bank of Buffalo;

Security Trust Company, Rochester;

Lincoln Rochester Trust Company, Rochester;

Lincoln National, Syracuse;

Marine Midland of Central New York, Syracuse;

First Chicago National, Chicago.

He stated correspondents of the National Commercial would be listed in the Polk's Bank Directory.

Participation in loans with the National Commercial Bank is infrequent and as a general thing, no participation. Both banks are large enough so area credits can be handled in each bank. He said participation has been almost nil and it would take a search to locate a loan in which they participated.

He stated he considers the present banking needs of the area are being adequately met by the existing banks in the community. He pointed out that loans can be serviced either locally or through correspondents but that this has not been necessary in recent years. He pointed out their loan limit is nearly $3,000,000.00.

He considers that the banking needs of the area for the next two to ten years can be adequately met by the existing banks in the area. He said the growth of banks would be sufficient to take care of growth in the area, particularly if they are allowed to expand.

He advised that no new banks have been opened and no commercial banks have gone out of business in Albany or the Upstate New York area since 1950. The Rensselaer County Bank merged into the National Commercial Bank about ten years ago and in 1959, the National City Bank of Troy merged into the State Bank.

He advised that the National Commercial Bank has the following offices which were opened or acquired as indicated, years unknown:

Park, 200 Washington Avenue, Albany;

Northern, 2 Pleasant Street, Albany;

State Campus, Washington and Colvin Avenues,
Albany (new);

Rensselaer, 810 Broadway, Rensselaer (acquired);

Riverside, 16 Second Avenue, Rensselaer (acquired);

Delmar, 343 Delaware Avenue, Delmar (acquired);

Elsmere, Delaware Plaza Shopping Center, Elsmere (new);

Colonie, 1295 Central Avenue, Albany (new);

Menands, 280 Broadway, Menands (new);

Altamont, 105 Park Place, Altamont (acquired);

Ravena, 186 Main Street, Ravena (acquired);

Athens, 1 North Washington Street, Athens (acquired);

Hudson, 520 Warren Street, Hudson (acquired);

Farmers, 544 Warren Street, Hudson;

Philmont, Main Street, Philmont (acquired);

Roeliff Jansen, Church Street, Copake (new);

Plattsburgh, 2 Brinkerhoff Street, Plattsburgh (acquired);

United States Avenue, 56 United States Avenue, Plattsburgh (new);

Au Sable Forks, Main Street, Au Sable Forks (acquired);

Champlain, Oak Street, Champlain (acquired);

Rouses Point, Lake Street, Rouses Point (acquired);

Ellenburg, Main Street, Ellenburg Depot (acquired);

Dannemora, Cook and Emmons Streets, Dannemora (new);

Waterford, 74 Broad Street, Waterford (acquired);

Hoosick Falls, 14 Main Street, Hoosick Falls (acquired);

Whitehall, 118 Main Street, Whitehall (acquired);

Cobleskill, Grove Street, Cobleskill (acquired);

Cooperstown, 103 Main Street, Cooperstown (acquired);

Hartwick, Main Street, Hartwick (acquired);

Fultonville, Main and Broad Streets, Fultonville (acquired);

Amsterdam, 31 East Main Street, Amsterdam (acquired).

In response to a question as to what extent, if any, the State Bank's competitive position would be weakened if the Morgan Guaranty holding company plan is consummated, he stated only through whatever magic there is in the name of Morgan. He pointed out there will be a closer relationship between Morgan and the holding company members than exists between an independent bank and its correspondents.

He believes that the State Bank of Albany's growth will increase because of the fact that state and federal authorities may look more favorably on their growth in the event the holding company is approved. He does not expect they will lose depositors or borrowers or other accounts.

He said basically the holding company will not offer any advantages for the National Commercial Bank or for the State Bank. From the standpoint of local control, with seventy-eight per cent of the proposed holding company stock to be owned by Morgan Guaranty, the National Commercial would be at a disadvantage and would lose local autonomy. It is his belief the proposed members of the holding company have sold out their banks.

He said they will not feel the need to merge or consolidate or go out of business if the holding company arrangement is consummated and from the standpoint of competition but because of the anticipated improved climate with respect to permitting growth by the State Bank of Albany, they may merge with other banks. He mentioned that he believes if the Morgan holding company plan is approved, there will be other applications for holding companies forthcoming.

He said the State Bank of Albany's competitive position as compared to the other banks in the community has improved over the last five years and today they are the largest bank in the area. Prior to about five years ago, they were the number two bank in the area, based on published statements. For the last two years they have been consistently the largest bank. He said the customary way of judging competitive position of a bank is by the size of the statement of condition.

He said during the same period, the National Commercial Bank and Trust Company, which was the number one bank prior to about five years ago, became the number two bank in the area in size.

He said he does not know to what extent, if any, the National Commercial Bank competes with other members of the proposed holding company group.

He stated 90% of the State Bank's deposits are from their banking area and two-thirds of the loans are from this banking area. He added they do not compete to any material extent with other banks outside of this banking area.

He said he does not know the area from which National Commercial Bank draws its greater percentage of loans and deposits or as to if they compete materially in other areas.

Regarding the proposed holding company, he stated it will not be of any consequence to the public who own stock as long as they obtain service. He pointed out both of the large banks, i.e. National Commercial and State, have been offering the same credit, etc. He again said the cited "increased lending ability" is not a factor as the lending ability of an individual member of the holding group is no greater after it becomes a member than before in view of the legal limits, except that funds can be raised through other members of the group. He said this can be offset by independent banks and their correspondents.

He said he does not consider as a factor any accounts that National Commercial may receive due to Morgan's connections with national and international firms. He expects that the other large New York correspondent banks will refer business to banks which will not be a part of the proposed holding group.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/27/61

WALTER SHELDON GIFFORD, Executive Vice President, First National Bank of Scotia, Mohawk Avenue at Ten Broeck Street, advised the following:

The resources of that bank total approximately $17,000,000.00. The bank has two branches, one in Niskayuna, New York, which was opened in October, 1956, and a second branch in Colonie, New York, which was opened in May, 1960.

The First National Bank of Scotia competes with other banks in the Schenectady area with respect to deposits, in a small way, and automobile financing, in a large way. They do not have a trust department and have no investment service. Because of the Colonie Branch of the bank, they compete to a certain extent with the National Commercial Bank and Trust Company as the latter bank has a branch approximately two miles away.

They also compete with other banks in the Schenectady area to a minor extent in relationship to safe deposit boxes, savings accounts, and real estate mortgages.

Correspondent banks of the First National Bank of Scotia are the Chase-Manhattan Bank of New York and the State Bank of Albany, Albany, New York.

The First National Bank of Scotia does not participate with any banks on loans. The bank is a member of the New York State Development Corporation, as are many other banks, insurance companies, etc., and which corporation was formed to take care of questionable loans. Any time funds are needed for this corporation, the member companies are called on for their pro-rata share. He does not believe they have advanced more than $2,000.00 since its formation and did not consider this to be in the category of participating loans.

On 10/18/61 at Scotia, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON:pab Date dictated 10/23/61

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He considers the banking needs of the Schenectady County area from the standpoint of small businesses, large businesses, individuals and corporations are being adequately met by the existing banks in the area. There are no large businesses in the area except for the General Electric Company, which does its financing elsewhere. There are four commercial banks, one industrial bank, one savings bank and one savings and loan association in the area.

Regarding Albany County, in which their Colonie Branch is located, he stated this area is growing. There is a large cement plant being constructed at Ravena, New York, there are plans by the Federal Government to open up the area and deepen the Barge Canal. It is his personal opinion that the Capital District area will expand and whether or not the two large Albany banks will be able to take care of the loan accommodations he does not know. He supposes they would be able to take care of the needs through help of New York City correspondents without the formation of a holding company. At the present time the banking needs of the area can be handled by the existing facilities.

He cannot foresee any tremendous growth in Schenectady County in the next ten years and based on the known factors, he considers the banking facilities in Schenectady County sufficient.

The last new commercial bank formed in the area was the First National Bank of Scotia in 1923. No banks have gone out of business since 1950. Approximately ten years ago, the Schenectady Trust Company took over the Union National Bank of Schenectady.

Regarding the Albany area, he advised there have been no new banks since 1950, no banks have gone out of business since then, and there have been no mergers in the city itself. The State Bank of Albany took over the National City Bank of Troy within the past few years.

In addition to branches opened by the First National Bank of Scotia as previously stated, the following other Schenectady County banks have opened the below-indicated branches since 1950:

Mohawk National Bank

Rotterdam Shopperama Branch, opened about 1957;

Nott Street Branch, opened about five years ago.

Schenectady Trust Company

Mayfair Branch, opened about eight years ago;
Sheridan Village Branch, opened about five years ago;
Union Street Branch, opened about nine years ago.

He said he cannot see as to how the First National Bank of Scotia's competitive position would be weakened in any respect in Schenectady or Albany Counties if the Morgan Guaranty holding company plan is consummated. He pointed out that at the present time the two large banks in the area, i.e., State Bank of Albany and the National Commercial Bank and Trust Company, have resources of approximately one-half billion dollars each. He does not believe their competitive position will be decreased and he believes that with more competition, they will work harder. He said banks will advertise more and give better service. He does not think the holding company members can do any more than what the First National Bank of Scotia does. As an example, the First National Bank of Scotia was first in originating automobile

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loans. He advised as they were first, they could set their own rates as they were the only ones in the field. Later other banks entered the automobile loan business and they lowered their interest rates. He pointed out this type of competition is to the advantage of the public.

Regarding potential growth of the bank in the event the holding plan is consummated, he stated that he differs with the opinion of a lot of people who think the Schenectady area is on a downward path. He believes they will continue to grow as long as they are located near the Capital City and that their growth will not be affected by the formation of a holding company. The formation of a holding company may be beneficial to the First National Bank of Scotia as a lot of people will not want to bank with a large bank and will prefer to deal with an independent bank. He stated they are not afraid of competition or of the proposed holding company and he again pointed out there are large banks in the Albany area now and the existence of same is not hurting them. He expects their normal rate of growth to continue.

Regarding the National Commercial Bank and Trust Company, he said the only advantage to that bank that he can see through the formation of the holding company is that if there are large business houses who need accommodations which are greater than what can be handled at the present time, they will be able to meet this. Also, there may be some large national companies who have accounts with one of the proposed members of the holding group and if a branch is subsequently opened in another city in which a second member of the group is located, the other member of the group is likely to obtain the account.

He said it is questionable as to whether a holding company member could offer better investment counseling.

He does not feel there will be any need to merge, consolidate or go out of business if the proposed holding plan is consummated. It is his personal opinion that by 1970 all banks will be affiliated with some holding company, either through mergers or being taken over. He considers the country is in an inflationary spiral and that this spiral will continue for many years. Banks in turn will have to increase their capital structure to conform with the growth and it is getting harder and harder for individuals to take care of that additional need, whereas if a bank is a part of a larger group, the stock can be sold on the public market.

The First National Bank of Scotia's competitive position as compared to other banks in the community has strengthened since 1950 and 1955 as a result of more competition. This competition started when the Schenectady Trust Company opened a branch office, Mayfair, on the Saratoga Road, Schenectady County. This increased competition has been beneficial to them.

He said he cannot state as to whether the competitive position of the National Commercial Bank and Trust Company has changed in the past several years. He pointed out the National Commercial and the State Bank of Albany are the two large banks in Albany and are quite competitive. He considers the Albany and Schenectady communities as two different banking areas at the present time.

He does not know if the National Commercial Bank and Trust Company competes with other banks in the proposed holding company.

The First National Bank of Scotia competes in the Schenectady County area and in a minor respect concerning automobile loans in a 50-mile radius of Schenectady. Ninety-five per cent of their deposits are from the Schenectady County area and seventy-five per cent of the loans come from that area.

The National Commercial Bank has branch offices from Hudson, New York to the Canadian border and he has no idea as to what percentage of their deposits and loans are derived from the Albany City area as compared with the other area covered by them but would estimate it at 80 per cent. He bases this estimate on the large state and federal government deposits in Albany.

Regarding the possible competitive impact of the holding company on the First National Bank of Scotia, he stated he does not believe there will be any except possibly in the matter of large loans, and even in this regard, these loans could be obtained through New York City correspondents. He added that if the holding company is consummated, this might make New York City correspondent banks more interested in banks that are not members of the holding company group and may send more national business to these other banks. The First National Bank of Scotia might benefit, in this regard, to some extent because of the "jealousy" of New York City correspondents.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/27/61

NORMAN B. KAVANAUGH, President and Cashier, The National Bank of Cohoes, 58 Remsen Street, advised the following:

The bank was formed in 1859, does not have branches, and has assets of approximately $8,000,000.00.

The National Commercial Bank and Trust Company took over the Bank of Waterford about two to five years ago and as a result of same, the National Bank of Cohoes competes with that bank from the standpoint of loans and deposits. The National Bank of Cohoes has a trust department but to what extent they might compete with the National Commercial Bank is unknown. The Bank of Waterford, which was taken over by National Commercial, was a small state bank with assets of about five million dollars. This bank is located three miles from Cohoes.

The State Bank of Albany and the First National City Bank of New York are the principal correspondents of the National Bank of Cohoes. The Manufacturers - Hanover is also a correspondent but inactive.

He does not know the correspondent banks of the National Commercial Bank and Trust Company.

The National Bank of Cohoes has never participated in loans with other banks.

The banking needs of the Cohoes area from the standpoint of small businesses, large businesses, individuals and corporations are being adequately met by the existing banks. The banking community would consist of part of the area west of Cohoes, including parts of Colonie and Latham, Waterford, Half Moon and Crescent in Saratoga County, North Troy in Rensselaer County, and Green Island, and to some extent, Watervliet in Albany County.

On 10/19/61 at Cohoes, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/23/61

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The State Bank of Albany has a branch in Cohoes. There is one other bank in Cohoes, that being the Cohoes Savings Bank.

None of the local industries require huge loans. Any that require more than what the National Bank of Cohoes can lend have always been able to obtain same, as they have seen to it that they were able to meet the needs. The maximum amount the National Bank of Cohoes can make on a straight loan is $90,000.00. They may loan a larger sum depending on the collateral. The State Bank, with an office across the street, has $400,000,000.00 in assets and therefore can handle larger loans and as large as the area might need.

He believes the banking needs of the community which may reasonably be expected in the next two to ten years can be adequately met by the existing banks. He again pointed out there is no national industry in the Cohoes area with the exception of the General Electric Company in Waterford, and that the General Electric Company does not borrow locally.

Regarding the level of concentration of commercial banks in the area, he advised the State Bank of Albany took over a group of banks held by the National City Bank of Troy three to four years ago, which include branches in Cohoes, Latham and Watervliet. Those particular branches are now a part of a much larger bank than previously. The Bank of Waterford was absorbed by the National Commercial Bank. There are new banks in Latham which were opened four to five years ago by the Manufacturers Bank of Troy and the State Bank of Albany. The Cohoes Office of the State Bank of Albany now is the central point for all commercial credit operations of the bank. No banks have gone out of business since 1950.

A new branch was opened by the Union National Bank of Troy in Wynantskill, New York, six or seven miles distance from Cohoes, in 1960. No other new branch offices have been established in the community since 1950.

Regarding the National Bank of Cohoes' expected competitive position if the Morgan Guaranty holding plan is consummated, he stated a lot would depend on the attitude of the larger bank. As far as savings account deposits are concerned, if the same interest rate is paid, the deposits would not be affected abnormally, no more than now. As far as commercial deposits, it would depend upon what the holding company member might offer, that is, the type of competition. As of now, the National Commercial Bank and Trust Company has not been aggressively attempting to take their deposits and have not carried on any aggressive campaigns. When the State Bank of Albany took over the Cohoes Branch, they actively circularized for deposits but this did not affect the National Bank of Cohoes. Their competitive position could be affected if the holding company did try to offer some service that might be less than cost as a temporary incentive to get deposits.

Regarding borrowers, he does not believe their competitive position would be weakened. He added that if a holding company were to offer large accounts lower interest in order to get them, this would hurt their position. If the holding company charges the going rate of interest, the National Bank of Cohoes would not be concerned.

He does not believe they would lose trust business. He pointed out if you had a person's business, you will normally have the trust account.

The National Bank of Cohoes does not offer investment services. Capital ventures are not a big item. As of now and for a number of years, the only kind of ventures have been new industry and he does not see anything at the moment in that line for Cohoes as most locations are occupied.

Except from the standpoint of greater automation in computer systems, it is difficult for him to see any advantage the National Commercial Bank and Trust Company will have as a result of the proposed holding company formation.

He cannot visualize, at the moment, any need to merge, consolidate, go out of business or enter into any holding company arrangement with other banks in the event the Morgan Guaranty holding plan is consummated. He added mergers have been going on for years and that the National Bank of Cohoes is the only bank in the area that has not merged or obtained branches. He pointed out the Manufacturers National Bank of Troy is now a part of the Marine Midland holding company.

He stated the National Bank of Cohoes' competitive position as compared to other banks in the community is greater than it had been but that a good portion of the position, which is measured in the form of assets, is due to large temporary deposits such as government and trust accounts. These temporary deposits could drop one and one-half million dollars within a few months. He said up until a year ago, their competitive position was "hurting" as they paid only one per cent interest in savings accounts. Since they raised the interest rate to three per cent, they have had a fifteen per cent increase in savings accounts in the last nine months. He said during the past several years the demand deposits have increased so that the general position over the past ten years has been an increase. At the present time they are up in both demand and time deposits.

He said there is no way of judging the performance of the National Commercial Bank and Trust Company or their competitive position in the community.

He stated he would expect that the National Commercial Bank and Trust Company might compete for loans with other members of the proposed holding company group as these large banks go into other areas of the state and into other states looking for large loans.

He stated the National Bank of Cohoes does not compete in areas other than the Cohoes area. Eighty-five per cent of the deposits are from the Cohoes area with the other fifteen per cent being in the form of government and state deposits. Seventy per cent of the loans are from the Cohoes area. The balance represents commercial paper bought through dealers.

He said he has no idea as to the geographic area from which the National Commercial Bank and Trust Company draws its loans and deposits.

He stated he does not fear the larger combine, i.e., proposed holding company, because up until now he has had no reason to fear same. He said it makes you wonder as to whether they will "gobble you up," as they get bigger, but that he does not expect to get hurt. He pointed out he has always had very friendly relations with the National Commercial Bank and Trust Company but that when and if the National Commercial Bank and Trust Company becomes a part of the holding company, they will only be a "small voice" in the holding company.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 10/30/61

GORDON L. BANKER, President, Union National Bank, 54th Street, Troy, New York, advised that bank has assets of approximately $37,300,000.00 and has one branch at Wynantskill, New York, which was opened March 8, 1961.

Regarding banking activities, he advised the following:

They compete with the National Commercial Bank and Trust Company at Hoosick Falls, Waterford and Menands, where National Commercial has offices and which areas the Union National Bank draws on. The National Commercial Bank wanted an office in Wynantskill and tried to block the Union National Bank from getting an office there. PRESTON ROGERS, Executive Vice President of the National Commercial Bank, went to the Controller of Currency in Washington, D.C.; however, after the facts were submitted and an investigation conducted by the bank examiners, it was found that they, Union National Bank, had more customers than National Commercial had in the Wynantskill area. He added they are surrounded by National Commercial branches.

At this point he stated he wonders what will happen to Marine Midland if the Morgan proposed holding company is not approved and which he hopes is not approved as he believes if approved it will be the end of small banks. He pointed out that the Manufacturers National Bank of Troy, which is a part of the Marine Midland holding company, has, in addition to their main office, an office on Broadway in Troy and at Argyle, Salem, Green Island, Amsterdam, Corinth, Latham, Plattsburgh and Wells, New York. He is afraid that if the proposed Morgan holding company is allowed and with Governor NELSON A. ROCKEFELLER's brother being involved in the Morgan Guaranty group and with Governor ROCKEFELLER having control over state funds, that all small state banks will be squeezed out. He said he does not feel that a holding company is

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On 10/20/61 at Troy, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON (A):pab Date dictated 10/24/61

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necessary, that they, smaller banks, through correspondents can obtain any large loans necessary. He does not know of any loan that has been turned down in the area. He pointed out the Federal Government is pushing small business yet probably will permit a holding company, which would be the end of small banks.

He added that with the banking situation the way it is, and with small bankers, the small bankers understand the local situation, business can come to them directly and decisions can be made locally rather than through written reports of a bank manager to the main office, in the case of holding companies. He believes it would be better for the public not to have the holding company.

He also stated he is against the plan because of the fact National Commercial is establishing more banks and trying to prevent other banks from getting branches.

As an example of lack of local control which is a product of the chain bank, at the present time the National Commercial branch in Waterford charges their customers $1.00 to check the bank balance, which is maintained on records at another location. Another factor is that supplies are not purchased locally and local firms, therefore, do not benefit.

He said this seems to be a second step toward the elimination of small banks in the State of New York. He pointed out the Marine Midland Corporation's 1959 annual report indicates it consists of ten groups made up of 192 offices in New York State.

Regarding the National Commercial Bank and the proposed holding company, he said National Commercial maintains there is a need for larger banks to help bring new business and to maintain old business in the state. He said he can not see what good can come from the holding company, that the National Commercial in itself is too big today, and that it has not been proven to him that the statements made by the National Commercial are true.

Regarding competitive advantages of the National Commercial in the event the holding company is approved, he said the group state-wide would have eleven per cent of all banking assets, and eight per cent of all bank offices. He added it puts Union National in a position of competing with the National Commercial in their backyard. They will compete regarding local public funds, i.e., city and county funds. He contemplates that deposits, especially public funds at the Union National Bank would be decreased. Bigger banks would try to attract and would offer things a bank the size of the Union National could not offer. He is trying to prevent state-wide control of banking activities by a few large corporations.

He said Union National would also lose on loans as where National Commercial has taken over banks, customers have been told what they have to do. He thinks this would be a downfall to small business in New York.

Another disadvantage of the holding company is that the president is located in New York City and a branch manager with limited experience is the individual with whom a person would have to talk over problems.

He said the Union National would lose on trust funds and public funds as a holding company would be able to dictate interest rates and they, Union National, would have to go along with same whether they could afford it or not.

He said he cannot see where the holding company would help either small or large businesses.

He added they have been able to take care of the needs of the area for the past twenty years and he sees no reason why they cannot continue to do so over the next two to ten years with the help of correspondent banks.

Union National has the following correspondent banks:

Manufacturers Trust Company, New York;

Guaranty Trust Company, New York;

First Trust Company, Albany.

He does not know of National Commercial's correspondents.

They have participated in loans during the past year with the National Commercial to the extent of approximately $50,000.00. One of such loans was in the amount of $25,000.00 to the Bowlatorium in Troy, New York, and another loan was to the A&P in Watervliet, New York. Their participation has been to the extent of fifty per cent or less of the loans. They have a loan limit of $166,000.00. They do not have more than one request a year for a loan exceeding $150,000.00.

No new banks have been formed and none have gone out of business since 1950 other than by merger in the area. The Manufacturers National Bank opened a new branch at Latham, New York within the last five years and is presently building a branch in Green Island. The Argyle National Bank and the Salem National Bank have been acquired by the Manufacturers National Bank in the last five years. The National City Bank of Troy merged with the State Bank of Albany within the past two years. In connection with this merger, THOMAS O'ROURKE, President, National City Bank of Troy, said the bank sold its interests to the concern which would pay the most money for the stock and that both National Commercial and the State Bank of Albany bid on it. This sale was made on the basis of the most money they could obtain, not on the basis of who could do the most for the area.

He said the Union National Bank does not offer investment services to the public but does retain the services of an investment counsel for use in connection with their trust department.

In answer to a question as to whether he believed the Union National Bank would feel the need to merge, consolidate, go out of business or enter into a holding company arrangement with other banks in the event the Morgan Guaranty holding company plan is consummated, he stated they would survive as long as possible but sooner or later they would be forced to merge to survive.

He said Union National's competitive position as compared to other banks in the community has improved, because of growth as a result of the National City Bank's merger with the State Bank of Albany, whereby all the bookkeeping of the National City Bank is being done in Albany.

He said they have more deposits and this growth is due to being able to go to the public, as for example through the Wynantskill Branch, and because they have been able to give the public better service.

He mentioned that it would not help competition if the State Bank of Albany were to merge with another holding company.

He said they are getting more and more state banks in New York as national banks are merging and losing out and, therefore, the national banks are losing control.

He stated the National Commercial Bank has grown by "leaps and bounds" through purchasing other banks. The prices paid for the other banks have been unbelievably high and the people who had controlled the stocks in the acquired banks have made vast amounts of money.

He said the National Commercial Bank competes with other banks of the proposed holding group very little, if any.

He said Union National does not compete to any material extent with other banks outside of the Tri-City area (Albany-Schenectady-Troy). At least 75% of the deposits and loans are from this area, the bulk of same being from Rensselaer County. He said he cannot furnish this type of information regarding the National Commercial Bank as it is unknown to him but he believes the largest percentage of their deposits are from the Capital District due to state and public funds.

Regarding the proposed holding company, he said he cannot see what more the holding company can do for the public except for the few people who will benefit financially from the sale of stock.

He said he previously directed a letter to the Controller of Currency setting forth his views. He directed his secretary to attempt to locate a copy of the letter and later advised she was unable to find same.

He stated he would be willing to sign a statement reflecting his views provided the same could be turned over to his attorneys for review beforehand. He was advised that in the event a signed statement is deemed necessary, he would be further contacted.

The following investigation was conducted by SA RAYMOND L. JOHNSON:

On October 30, 1961, a comparison of banks in Albany, New York as listed in the March, 1950, and March, 1960, editions of Polk's Directory did not reflect any new banks. Albany banks were noted to consist of the following:

Albany Exchange Savings Bank (since merged with the Merchants and Farmers Savings Bank of Albany)

Albany Savings Bank

City and County Savings Bank

First Trust Company of Albany

Home Savings Bank of the City of Albany

Industrial Bank of Commerce of Albany

Mechanics and Farmers Bank of Albany

The Mechanics and Farmers Savings Bank of Albany

State Bank of Albany

The National Commercial Bank and Trust Company of Albany

The National Savings of the City of Albany

The March, 1961, edition of Polk's Directory reflects the following offices of the National Commercial Bank and Trust Company, as well as information concerning mergers as set forth:

Main Office - 60 State Street
Park Branch - Washington at Lark
Northern Branch - Pleasant at Broadway
State Campus Branch - Washington Avenue and Colvin

(The first three mentioned offices were listed in the March, 1950, Directory. The State Campus Branch was not listed in the 1950 or 1955 Directories.)

Other Offices

Altamont (not listed in the March, 1955, Directory)

Amsterdam (The First National Bank of Amsterdam merged February 17, 1961)

Athens (Athens National Bank merged May 6, 1955)

AuSable Forks (Plattsburgh National Bank and Trust Company merged October 1, 1954)

Champlain (Plattsburgh National Bank and Trust Company merged October 1, 1954)

Cobleskill (First National Bank of Cobleskill merged August 10, 1956)

Colonie (also listed in the 1950 directory)

Cooperstown (Second National Bank of Cooperstown merged May 18, 1956)

Copake (The Farmers National Bank of Hudson merged March 6, 1959)

Dannemora (not listed in the March, 1955 edition)

Delmar (was listed in the March, 1950 edition)

Ellenburg Depot (State Bank of Ellenburg merged May 18, 1956)

Elsmere (not listed in the March, 1955 edition)

Fultonville (The Fultonville National Bank merged January 22, 1960)

Hartwick (The Hartwick National Bank merged July 11, 1958)

Hoosick Falls (The Peoples-First National Bank of Hoosick Falls merged November 7, 1955)

Hudson (2) (The Farmers National Bank of Hudson merged March 6, 1959)

Menands (was listed in March, 1950 edition)

Philamont (The Farmers National Bank of Hudson merged March 6, 1959)

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Plattsburgh (2) (Plattsburgh National Bank and Trust Company merged October 1, 1954)

Ravena (also listed in the March, 1950 edition)

Rensselaer (2) (also listed in the March, 1950 edition)

Rouses Point (Plattsburgh National Bank and Trust Company merged October 1, 1954)

Waterford (Bank of Waterford merged December 20, 1957)

Whitehall (The Merchants National Bank merged September 9, 1955)

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 11/2/61

T. HENRY COOK, Cashier, Owego National Bank, 203 Main Street, advised that the bank's President, FRANK E. MILLER and Vice-President E. HENRY DALRYMPLE, are inactive and the bank is operated by Assistant Cashier MARK E. WOOD and himself.

He advised the following regarding the operations of the bank and the possible effects, if any, that the proposed Morgan Guaranty Holding Corporation will have on the bank if consummated:

The bank has no branches and the assets total approximately $5,000,000.

The bank competes only with the First City National Bank of Binghamton Branch in Owego, of the proposed Morgan Guaranty Corporation. It is ordinary competition and they compete in all banking service. The bank's customers are from the Town of Owego and Village of Owego with an area population of approximately 10,000.

The Chemical Bank, New York Trust Company, New York, New York, is the Owego National Bank corrrspondent. Correspondent of the First-City National Bank of Binghamton other than the Morgan Guaranty Trust Corporation of New York are unknown to him. The Owego National Bank has never participated in loans with any other bank.

In Owego the present banking needs from the standpo of small business, large business, individuals and corporations are being adequately met by the existing banks in the city. The Owego National Bank has a $30,000 loan limit per customer and during the past five years they have not had any request for a larger amount. They have not used their correspondent bank with respect to loans of a larger size. He does not know as to whether the banking needs of the Binghamton-Endicott area are being adequately met.

He believes the banking needs of the Owego area, which may be reasonably expected from the next two to ten years, can be adequately met by the existing banks. IBM opened a plant in the area, however, they do not borrow locally and, therefore, the needs of IBM are not being taken into consideratbn in

On 10/25/61 at Owego, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON: JDP Date dictated 10/30/61

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answering this question.

There have been no new banks formed in Owego since 1950 and none have gone out of business since that time. The First National Bank of Owego was acquired by the First-City National Bank of Binghamton, two or three years ago. Outside of the general Owego area, (ie. distance of 10 to 20 miles) the Marine Midland Bank acquired by merger banks in Union and Waverly, New York.

In addition to the Owego National Bank and the First-City National Bank of Binghamton's Branch in Owego, the Owego Federal Savings and Loan Association is active and handles large mortgages.

There have been no new branches established in Owego since 1950. There have been new branches established in the Vestal, Binghamton area since 1950, however, names and dates opened are unknown to him.

He cannot see where the holding company would have any effect on the Owego National Bank. The First-City National Bank is a large bank in comparison to the Owego National Bank and has assets of $80,000,000 to $100,000,000. Since they a competing with a bank of that size, he cannot see where the additional resources that would be available to the holding company group could have any effect on their competition. The only possible effect would be in the event the holding company or some other bank constructed additional branches within a 10 to 20 mile radius of Owego. He pointed out that no additio branches are needed in the area as the area is being adequately covered by the existing banks and if a branch is built, there would be definite competition.

The Owego National Bank will not feel the need to merge, consolidate, go out of business or enter into a holding company arrangement with other banks if the Morgan Guaranty Holding Corporation plan is consummated. If business continues as it has in the past, they will not feel any need to merge. They are getting their share of the business at the present time.

The Owego National Bank's competitive position as compared with other banks in the community has increased over-all since 1950, however, the biggest increase has been in the past five years and this is due to IBM opening a plant which employs approximately 3000. The savings deposits have increased over the period of the last ten years but not as much as checking account deposits. This is due to the "tough competition" offered by the savings and loan association in Owego which pays 4 per cent interest. The savings and loan association is the biggest competitor to all commercial banks in the area because of the interest paid.

The First National Bank of Owego has increased over the years but since its merger with the First-City National Bank of Binghamton, he has no way of knowing as to whether their business is better since the merger. He said he does not believe that the First-City National Bank of Binghamton competes with other members of the proposed Morgan Guaranty Holding Corporation.

The Owego National Bank does not compete to any material extent with other banks located outside of the Owego area. They do compete, in a small way, with banks in Endicott and Johnson City, located 12 or 20 miles away respectively, as a result of some persons banking by mail due to smaller servi charges of the Owego National Bank. Almost all of the loans a deposits of the bank are from the Owego area.

The First-City National Bank of Binghamton, Owego Branch, draws from the same area as the Owego National Bank a believes that at least 75 per cent of the deposits and loans a from the local area.

He stated he does not have any other information which would be relevant to determining the competitive impact, if any, of the holding company on the banks in the area. He repeated that he does not see how the holding company would have any effect on competition. He added there is a possible exception and that being in the event the holding company cuts loan interest rates and service charges. This might "hurt."

MARK E. WOOD, Assistant Cashier, was present during part of the foregoing interview.

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FEDERAL BUREAU OF INVESTIGATION

Date 11/2/61

MARK E. WOOD, Assistant Cashier, Owego National Bank, 203 Main Street, stated he cannot see where the proposed Morgan Guaranty Holding Corporation, if approved, would have any competitive effect on the Owego National Bank. He pointed out they now compete with the First-City National Bank which is a large bank and since the merger of the First National Bank of Owego with the First City National Bank of Binghamton, the Owego National Bank has increased. He said people like to do business with a "home town" bank and also, since the merger, the service charges of the First City National Bank of Binghamton in Owego are higher than prior to the merger.

The above comments were made by WOOD during the interview of T. HENRY COOK.

On 10/25/61 at Owego, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON: JDP Date dictated 10/30/61

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FEDERAL BUREAU OF INVESTIGATION

Date 11/2/61

ALEC ROSEFSKY, President, the Industrial Bank of Binghamton, 181 Washington, advised that bank is a former Morris Plan Bank, has been in existence for 40 years, has no branches, is not associated with any holding company and has assets of approximately $8,000,000.

He stated the proposed Morgan Guaranty Holding Company has been discussed with other officers and the Board of Directors and they are not opposed to the holding company. He stated further the following:

He believes there is a place in the community for a bank of the Industrial Bank size, and he does not feel that any combine, no matter if the combine has $6,000,000,000 in assets, will have any effect on them. He pointed out they have grown in the last three years from $6,000,000 to $8,000,000 and this growth was in face of the Marine Midland Holding Company office in the area. He believes they will continue to grow as they deal with a different type customer than does the holding company. He pointed out a person needing $200,000 does not come to the Industrial Bank now and would not in the future.

The Industrial Bank competes with the First-City National Bank and members of the Marine Midland Corporation in the area from the standpoint of consumer credit. For the size of the Industrial Bank it is probably doing a better percentage of business in this field than other banks in the city. The Industrial Bank does not have trust or investment service and does not compete in this regard. The Industrial Bank has an $80,000 loan limit and does not compete in larger loans.

The Manufacturers Trust and the Irving Trust, New York, New York are correspondents of the Industrial Bank. The First-City National Bank of Binghamton correspondents were listed in the Bank Directory as follows:

Morgan Guaranty Trust Company of New York, Chase-Manhattan Bank, New York, Irving National Bank, New York, First National City Bank, Bankers Trust Company, Grace National Bank, Manufacturers-Hanover Bank, Chemical Bank, all New York. Girard Trust Corn Exchange Bank, Philadelphia.

On 10/25/61 at Binghamton, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON: JDP Date dictated 10/30/61

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The Industrial Bank does not participate in loans with any other bank.

The present banking needs of the community from the standpoint of small business are being adequately met by the existing banks in the community. The Industrial Bank does not do business with large businesses and he has no opinion with respect to their needs from the standpoint of these needs being adequately met by the existing banks.

He stated he cannot answer a question as to whether the banking needs of the area which may be reasonably expected in the future, two to ten years, be adequately met by the exi banks of the area. He pointed out IBM, a large concern, borr from the First-City National Bank of Binghamton and does not if that bank has been able to meet IBM's needs. First-City National Bank, with assets of about $96,000,000, has an approx $10,000,000 loan limit.

No new banks have been formed and no banks have gone out of business in Binghamton since 1950. The banking area cov approximately a 25 mile radius and includes the cities of Binghamton, Endicott, Johnson City, Vestal and Whitney Point. About two to three years ago the First-City National Bank took over the Whitney Point National Bank which had assets of about $2,000,000. In 1960 or 1961, the Marine Midland Bank took over the Windsor National Bank which had assets of approximately $1,00

There have been various branch offices established the area, however, he could not furnish accurate information concerning same.

The Industrial Bank will not feel the need to merge, consolidate, go out of business or enter into a holding company arrangement in the event the Morgan Guaranty Holding Company pla is consummated, for reasons previously stated.

The Industrial Bank's competitive position has increased since 1950 and 1955 as previously indicated. He has no knowledge as to whether the First-City National Bank's competitive position has increased in the past ten years and does not know if the First-City National Bank competes with other members of the proposed holding company corporation.

The Industrial Bank does not compete to any material extent with other banks outside of the Triple Cities area (ie. Binghamton, Endicott, Johnson City). Ninety-five per cent of the loans and deposits come from this area.

He does not know as to the geographic area and percentage of deposit and loans the First City National Bank obtains from same.

Mr. ROSEFSKY stated if the proposed holding company is consummated he does not think the same will adversely effect the competition "set-up."

EDWARD C. OSTROSKY, Vice President, was present during the interview.

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FEDERAL BUREAU OF INVESTIGA[illegible]N

Date 11/2/61

EDWARD C. OSTROSKY, Vice President, the Industrial Bank of Binghamton, 181 Washington, stated the Industrial Bank of Binghamton had advised the New York State Superintendent of Banks that they do not oppose the proposed Morgan Guaranty Holding Company. He said he believes the Industrial Bank will continue to grow in the event the holding company is consummated and offered for one reason of this that the personal touch and personal contact with the customer is lost by the larger banks.

He stated from the standpoint of the adequacy of the banking institution in the community, he knows of no hardships on the borrowers. He said there have been some who have had to go to other cities for credit, but he does not know the extent of same.

The foregoing comments were made by Mr. OSTROSKY during the interview of ALEC ROSEFSKY.

On 10/25/61 at Binghamton, New York File # Albany 60-232

by SA RAYMOND L. JOHNSON:JDP Date dictated 10/30/61

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The following investigation was conducted by SA RAYMOND L. JOHNSON:

On October 30, 1961, the March, 1961 edition of Polk's Bank Directory was reviewed and noted to reflect the following offices for the First-City National Bank of Binghamton:

Central Offices

First Office, Corner Court and Chenango Streets.
City Office, 49 Court Street

Binghamton Offices

First Ward Office, 181 Clinton Street.
East Side Office, 149 Robinson Street.

Westover Office

Westover Plaza, 635 Main Street, Johnson City, New York.

Whitney Point Office

Main Street, Whitney Point, New York.

Owego Office

Front and Lake Streets, Owego, New York.

Vestal Parkway Office

4481 Vestal Parkway East, Vestal, New York.

The March, 1960, directory did not list the Vestal Office.

The directory reflects the First National Bank of Owego merged with the First-City National Bank of Binghamton under charter and title May 16, 1958.

The directory reflects the First National Bank of Whitney Point liquidated voluntarily and was absorbed by the First-City National Bank of Binghamton February 7, 1958.

The directory reflects the First National Bank of

Binghamton consolidated with the City National Bank of Binghamton and under title of First-City National Bank of Binghamton September 30, 1955.

The March, 1950, edition of Polk's Bank Directory lists only the First Office, City Office and the First Ward Office. The March, 1955, edition lists the Westover Plaza Office. This office had not been listed in the March, 1950, edition.

The March, 1950, and the March, 1961, editions listed the following offices for the Marine Midland Trust Company of Southern New York.

Binghamton Office

84 Court Street

Other Offices

Cortland, Elmira (5), Elmira Heights, Endicott, Horseheads, Johnson City, Watkins Glen.

The March, 1961, edition lists Marine Midland Offices, in addition to the foregoing and in addition to two additional offices in Binghamton, at Waverly, Windsor and Nimmonsburg.

The directory reflects the Citizens National Bank of Waverly merged with Marine Midland Trust Company of Southern New York September 29, 1958, and the Windsor National Bank merged with the Marine Midland May 5, 1960. The Nimmonsburg Office, listed in the March, 1961, edition, was not listed in the March, 1960, edition.

The directory reflects the Marine Midland Trust Company of Binghamton merged into the Marine Midland Trust Company of Southern New York October 1, 1953.

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FEDERAL BUREAU OF INVESTIGA ON

Date 10/23/61

Mr. CARL H. MAAR, Lincoln National Bank and Trust Company of Central New York, Syracuse, New York, made available the 1950 and 1961 editions of "Polk's Bankers Directory" from which the following information was obtained by comparison of the listings of banks in the Syracuse area in those two issues:

Eighteen banks have been merged or acquired by the four existing commercial banks in Syracuse.

No new banks have been organized in the area, except that a new corporation was formed by the Marine Midland holding corporation to take over the former Syracuse Trust Company and its branches as well as the Oswego County National Bank and Trust Company. This new copporation is known as the Marine Midland Trust Company of Central New York.

The four commercial banks have added several branches, some by acquisition and some through expansion. This table shows the increase in branches:

Bank	Number of Banking Locati	
	1950	1961
First Trust and Deposit Company (affiliate)	12	24
Lincoln National Bank and Trust Company of Central New York	3	12
Marine Midland Trust Company of Central New York	7	19
Merchants National Bank and Trust Company of Syracuse	5	13

Mr. MAAR furnished the following list of his bank's branches with the dates established:

January 2, 1930	Main Office

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by SA PETER G. ROTH, JR./mkb Date dictated 10/18/61

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October 1, 1934	Pulaski Office
January 21, 1947	Chimes Office
January 2, 1951	DeWitt Office
June 26, 1953	Warren Street (merged - was Industrial Bank of State of New York)
October 7, 1954	Industrial Park Office
February 15, 1957	Fair Haven Office (was Fair Hav National Bank)
October 10, 1957	James Street Office
October 26, 1957	Seneca Falls Office (was Seneca County Trust Company of Seneca Falls)
February 1, 1958	Oneida Office (was Madison Cou Trust Company)
November 21, 1958	Cato Office (was First National Bank of Cato)
April 11, 1960	Minetto Office

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FEDERAL BUREAU OF INVESTIGA[illegible]ON

Date 10/23/61

Mr. JOHN SEIGART, Chief Examiner, New York State Banking Department, furnished the following list of branches of the two banks shown below together with their dates of approval for branches opened since 1950:

First Trust and Deposit Company (Affiliate)

April 26, 1950	Valley, 4715 South Salina, Syracuse (newly established)
October 1, 1952	Mattydale, 2215 Brewerton Road, Mattydale (new)
January 1, 1956	Drive-In, 225 East Genesee, Syracuse (new
February 3, 1956	Marcellus, 24 East Main Street, Marcellus (acquisition)
February 24, 1956	East Syracuse, 121 East Manlius Street, East Syracuse (acquisition)
March 16, 1956	Weedsport, 42 Seneca Street, Weedsport (acquisition)
January 24, 1957	Cazenovia, Main Street, Cazenovia (acquisition)
April 30, 1957	Morrisville, Morrisville, New York (acquisition)
February 11, 1958	Skanateles, Genesee Street, Skanateles (acquisition)
January 30, 1959	DeRuyter, DeRuyter, New York (acquisiti
May 10, 1960	Nottingham, 315 Nottingham Road, Syracuse (new)
November 2, 1960	Shop City, Shop City Shopping Center, Syracuse, New York (new)
September 3, 1961	Seneca Knolls, Town of Van Buren (new, approved but not yet in operation)

Marine Midland Trust Company of Central New York

January 30, 1953	The new bank was formed by consolidatio

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	Syracuse Trust Company and the Oswego County National Bank and Trust Company, thus adding to the offices operated by Syracuse Trust the following: Fulton, Phoenix and two at Oswego.
March 4, 1954	Drive-In, 321 Erie Boulevard East, Syracuse (new)
July 7, 1954	Northern Lights Shopping Center, Syracuse (new)
November 19, 1956	Shoppingtown, DeWitt (new)
October 2, 1957	Fulton-West Side, Fulton (new)
December 22, 1958	Camillus, Camillus, New York (acquisiti
December 22, 1958	Fairmount, Camillus, New York (new)*
September 30, 1960	Auburn (acquistion of Auburn Trust Co.)
September 30, 1960	Port Byron (acquisition of Auburn Trust

*The branch at Fairmount was actually put in operation sometime later. Authority for a banking office at Fairmount had been gran earlier to the Bank of Camillus and that authority was transferre to Marine Midland with its acquisition of the Bank of Camillus.

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FEDERAL BUREAU OF INVESTIGATION

Date 10/27/61

Mr. CARL H. MAAR, President, Lincoln National Bank and Trust Company of Central New York, Syracuse, New York (hereinafter referred to as Lincoln Bank), furnished the following information:

His bank presently competes with the First Trust and Deposit Company, the proposed Syracuse affiliate of the Morgan Guaranty group, in general banking services. In his opinion, the affiliates of the Morgan group are not in competition with each other.

The following is a list of the correspondents of his bank and the affiliate:

	First Trust	Lincoln
NEW YORK CITY		
Chase Manhattan Bank	x	x
The Hanover Bank	x	x
Chemical Bank New York Trust Co.	x	x
Bankers Trust Co.	x	x
First National City Bank	x	x
Morgan Guaranty Trust Co.	x	x
Bank of New York		x
Federation Bank & Trust Co.		x
Underwriters Trust Co.		x

On 10/16/61 at Syracuse, New York File # Albany 60-232

by SA PETER G. ROTH, JR.: bal Date dictated 10/23/61

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	First Trust	Lincoln
CHICAGO		
First National Bank	x	
Continental Illinois Bank & Trust Co.	x	
Harris Trust & Savings Bank		x
BOSTON		
National Shawmut Bank	x	x
First National Bank of Boston		x
PHILADELPHIA		
Philadelphia National Bank	x	
First Pennsylvania Bank & Trust Co.		x
ALBANY		
National Commercial Bank & Trust Co.	x	
State Bank of Albany		x
CLEVELAND		
Union Commerce Bank		x
DETROIT		
National Bank of Detroit	x	x

	First Trust	Lincoln
MONTREAL		
Royal Bank of Canada	x	x
BUFFALO		
Marine Trust Company of Western New York		x
Manufacturers & Traders Trust Co.		x
ROCHESTER		
Lincoln Rochester Trust Co.		x
WATERTOWN		
Northern New York Trust Co.		x
PITTSBURGH		
Pittsburgh National Bank		x

Mr. MAAR stated his bank does not participate in loans with any of the affiliate banks.

In his opinion, the present banking institutions in the Central New York area are meeting all the needs of business adequately and will be able to do so in the future without the formation of any group, such as the Morgan Guaranty plans. He said there is sufficient credit available for business and he knows of no instance in which a good loan was not made by the existing banks. He explained that although banks are limited legally as to the maximum size of their loans, through participation with larger banks in New York, the local institutions can always accommodate whatever loans are applied for.

As to the concentration of banking in this area, Mr. MAAR advised no new banks have been started in the period since 1950, but that a number of smaller banks in the suburbs of Syracuse and in smaller communities nearby have been acquired by the four commerical banks in Syracuse. No banks have actually gone out of business as all banks which have ceased business have been merged with the present Syracuse commercial banks.

Mr. MAAR said, in his opinion, the long range effect of the consummation of the Guaranty Trust holding company plan would be to severely lessen the competitive position of Lincoln Bank. He said perhaps at the beginning of such a group there might actually be an increase for the other banks and a temporary decrease for the affiliate because of local sympathies, but definitely in the long run the group affiliate would advance greatly, especially as to acquiring the accounts of new businesses coming into the area and the expansions of national concerns. As to possible advantages to the affiliate, he said he believes it would gain in management and in specialized services, such as actuarial experts. He stated at present he does not feel it would be necessary for Lincoln Bank to make any change in its operations such as joining in a holding company or merging but such action would depend on the condition of the bank.

Mr. MAAR said the relative positions of the banks in this community have been approximately the same throughout the period since 1950.

The competition of Lincoln Bank is almost entirely with the other local banks as it does almost all of its business in the immediate area. He said in his opinion the affiliate also does almost all of its business within the area of its own banking locations.

Mr. MAAR stated his bank had filed a brief with the State Banking Department in opposition to the proposed holding company and had furnished copies of that brief to the Department of Justice, as well as to the Federal Reserve Bank of New York and to the Federal Reserve Board, which covers much of the information sought but that he would be glad to furnish details in affidavit form if deemed desirable.

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FEDERAL BUREAU OF INVESTIGATION

Date 11/6/61

Mr. EDWIN B. WINKWORTH, President, Solvay Bank, furnished the following information:

His bank's business is of a "retail" local nature and as such he does not feel his bank is in competition with the First Trust and Deposit Company in general banking services. Solvay Bank competes with that affiliate for local small accounts and does so quite successfully.

The correspondents of Solvay Bank are the First Trust and Deposit Company (the local affiliate of the Morgan group), Bankers Trust Company, New York, and Manufacturers Trust Company, New York.

Mr. WINKWORTH said in his opinion the several affiliates do not compete with each other at present.

Solvay Bank does not participate with First Trust in making loans and has not done so in the past five years.

As to the needs of local business for banking services, Mr. WINKWORTH said he feels existing banks are meeting the needs and will do so satisfactorily in the future, although for very large corporations it is possible a large holding company operation will be beneficial. He pointed out so far as Solvay Bank is concerned, they are competing effectively in their "retail" field and are confident they can continue to do so.

As to the concentration of banking in this area, Mr. WINKWORTH pointed out that the four present commercial banks in Syracuse have taken over many small banks in the Central New York area in the past ten to fifteen years to the extent that there are now only two independent small banks left in Onondaga County, the Solvay Bank and the First National Bank of Minoa. In his opinion, there are two principal reasons

On 10-30-61 at Solvay, New York File # Albany 60-232

by SA PETER G. ROTH, JR. (A):pab Date dictated 11-1-61

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for the smaller institutions selling out to the larger banks: 1. small banks have management problems in that they often lack sufficiently capable younger men to take over and this is neatly solved by merging; 2. the profit to be realized by selling to larger banks is very attractive to the stockholders of the small banks.

With respect to the possible effects of consummation of the Morgan plan, Mr. WINKWORTH said they do not feel this will hurt Solvay Bank at all and they will not find any need to change their setup. He said their successful retail operation offers to individuals and small businesses better rates and services than the branches of the larger banks as they are more flexible and can exercise greater imagination. He said their competitive position has improved continually during the past ten years.

Mr. WINKWORTH said he does not know the figures for the First Trust but would estimate it has progressed normally in the last ten years and has maintained its competitive position among the Central New York banks.

Solvay Bank does all its business in Onondaga County. First Trust he said, so far as he knows, does its business within the immediate areas of its various banking offices in Central New York.

Mr. WINKWORTH said that in answer to a request from the State Banking Department, he had sent a letter on July 18, 1961, stating that Solvay Bank was not opposed to the Morgan Guaranty proposal, that he believed it would aid large industries, that small banks could compete effectively, but that Solvay Bank is opposed to excessive branch operations.

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FEDERAL BUREAU OF INVESTIGATION

Date 11/6/61

Mr. RAYMOND LA VOIE, JR., Vice President, First National Bank of Mexico, furnished the following information:

His father is president of the bank and has managed it for 35 years. They feel very strongly that consummation of the Morgan Guaranty proposal will be another step towards the condition of banking in Canada, where there are only five banks in the entire country. They submitted a letter to the State Banking Department in opposition to the proposal.

Their bank competes with the Parish, New York Branch of the First Trust and Deposit Company. He said in his opinion, the various affiliates do not at present compete with each other as they are located in separate communities.

Their bank's correspondent is the Morgan Guaranty Trust Company.

Their bank has not participated in loans with the First Trust.

As to the banking needs of the community, Mr. LA VOIE stated they are being met satisfactorily by existing banks and will be handled adequately in the future without any banking group such as is under consideration.

With regard to the concentration of banking, he stated many banks in his area have been merged into larger institutions with the result that today there are only three small independent banks left in Oswego County: his bank, the First National Bank of Central Square, and the First National Bank of Lacona.

As to the effect of the consummation of the Morgan Guaranty proposal, Mr. LA VOIE said he feels it will hurt his bank. He said the object of the Morgan group is to increase

On 10/30/61 at Mexico, New York File # Albany 60-232

by SA PETER G. ROTH, JR. (A):pab Date dictated 11/1/61

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its business and if this purpose is accomplished, it can be done only with an adverse effect on the others in the field. He said their bank might even gain some business from persons who dislike large organizations, as this has happened in some instances where persons have transferred their accounts to his bank in preference to banking with the various nearby branches of the Marine Midland Trust Company of Central New York.

Mr. LA VOIE said at this time they cannot anticipate what action their bank would take or might have to take if the Morgan plan is put into effect but they prefer to remain independent if possible.

His bank's competitive position has improved during the past ten years and is enjoying a steady, progressive growth. As to the growth of the branches of the affiliate in his area, he cannot make any estimate.

The First National Bank of [illegible] does all its business within its local area. As to the First Trust, so far as he knows, all of its business is local.

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FEDERAL BUREAU OF INVESTIGATION

Date 11/6/61

Mr. RAYMOND LA VOIE, SR., President, First National Bank of Mexico, said that due to illness he is no longer active on a full-time basis in the bank but after 35 years in banking, he would like to express his opposition to the formation of a group such as the proposed Morgan Guaranty holding company group. He said he believes in independent banks and that merging of banks is contradictory to the basic American spirit of competition and initiative.

His son's comments were reviewed with him and in addition he furnished the following observations:

He believes that consummation of the plan proposed would not affect banks such as his immediately but in the long run would definitely injure their standings and business

Savings banks in New York State enjoy unfair privileges as to taxation and are unfair to commercial banks.

Continuation of such practices will eventually concentrate banking in the United States so that it will be controlled by only a few giant institutions, as is the condition in Canada today.

On 10/30/61 at Mexico, New York File # Albany 60-232

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FEDERAL BUREAU OF INVESTIGA[illegible]N

Date 10/27/61

Mr. CRANDALL MELVIN, President, Merchants National Bank and Trust Company, furnished the following information:

Mr. MELVIN is a former President of the New York State Bankers Association. He has been President of Merchants Bank since 1938.

Merchants Bank competes with the First Trust and Deposit Company in general banking services. It does not compete with other members of the Morgan Guaranty holding company group. He said in his opinion, the affiliates in that group do not compete with each other to any appreciable extent.

Corespondents of Merchants Bank are: Chase Manhattan Bank, The Hanover Bank, Chemical Bank and Trust Company, First National City Bank, Bank of New York, Irving Trust Company, Manufacturers Trust Company and United States Trust Company, all of New York City; First National Bank of Boston, First Pennsylvania Bank and Trust Company, Philadelphia, Pennsylvania, and National Commercial Bank and Trust Company, Albany, New York.

Merchants Bank does not participate in loans with the affiliates of the Morgan group, except in a very small way on a local level with the First Trust and Deposit Company and the other commercial banks in Syracuse chiefly with regard to loans to institutions. Mr. MELVIN stated in some instances where the local savings banks are not interested in loans to schools, clubs and the like, as a matter of accommodation, the four commercial banks in Syracuse participate equally in such loans. He said the volume of such loans is small.

Mr. MELVIN stated in his opinion, the banking needs of his area are adequately met by the existing banks and that they will be satisfactorily met in the future without the Morgan Guaranty group. He said he knows of no instance where the present banks have not been able to perform satisfactorily, and he cannot foresee any development in this area which these existing banks will not be able to take care of.

As to the increase in the level of concentration of commercial banks in the Central New York area, he said the

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principal merger in this area was the formation of the Marine Midland Trust Company of Central New York in the latter part of 1952 or early 1953, into which the former Syracuse Trust Company and the Oswego County National Bank and Trust Company were merged. He also pointed out that both the Lincoln National Bank and Trust Company of Syracuse and the First Trust and Deposit Company have added quite a few banking locations during the past ten years, some by merger of smaller existing banks and some as newly formed branches. His bank has added the following locations:

Opening Date	Branch Office
7/15/53	Eastwood Office
12/17/56	Thompson Road Office (permanent office 9/16/57)
11/12/58	Fairmount Hills Office (permanent office 12/14/59)
12/1/58	Elmwood Office
12/21/59	Baldwinsville Office
3/1/61	Cicero Office (acquired)
3/1/61	North Syracuse Office (acquired)
8/15/61	Elbridge Office
10/10/61	Liverpool Office

Regarding the possible effects of the formation of the Morgan Guaranty group upon his bank's competitive position, Mr. MELVIN stated it certainly will weaken their position if this group plan is consummated. He said the real factor is not the factor of the large bank, the Guaranty Trust, in and of itself, but it is the associations of Guaranty Trust and the other members of the group which will result in great pressures on the existing banks. He said through their associations, especially in New York City among the large nationally operating companies, will surely eventually result the loss of important, large accounts by the existing banks to the new group.

If this group plan is consummated, Mr. MELVIN said he has no definite opinion at present as to what action his bank will take other than a belief in independent banking. He said if, as he expects, his bank starts losing important, large accounts, his bank will probably consider reducing its operations with reductions in force and general retrenchment.

Mr. MELVIN said the relative positions of the four commercial banks in Syracuse have remained fairly constant during the period since 1950.

As to the area in which his bank operates, he stated almost all of its business is within Onondaga County and that the business of the affiliate, First Trust, lies almost entirely within the counties in which it has banking locations.

Mr. MELVIN stated he did not care to have a written statement prepared, as he felt a report of his remarks would suffice.

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FEDERAL BUREAU OF INVESTIGATION

Date 10/30/61

FRED GUHRING, President, Citizens First National Bank, Frankfort, New York, advised his bank has definitely taken a stand not to oppose the creation of a holding company group by the Morgan Guaranty Trust Company. He said it is the Citizens First National Bank's feeling that such a holding company may benefit the Citizens First National Bank in that such a holding company would be helpful in attracting big industry to the area served by his bank. He said he was in agreement with Superintendent CLARK, New York State Banking Department, who wrote an article appearing in a recent American Banker's issue, taking the stand as to why such a holding company should be approved.

GUHRING continued the position of the bank not to protest the holding company was a result of the Board of Directors' decision. He continued the bank had received inquiry from the New York State Banking Department as to the bank's position. He said the inquiry was not answered because the bank did not want to oppose the holding company and felt it should take a hands-off attitude.

GUHRING added officers of the Oneida National Bank and Trust Company, affiliate bank in competition with his bank, have been very ethical in their dealings with Citizens First National and he was of the opinion if the Oneida National Bank became a member of the holding company, such would be beneficial to small banks in the area.

GUHRING stated his bank competes with the Oneida National Bank and Trust Company (the affiliate bank) in deposits and loans only. He stated his bank had no trust department, and investments were confined almost entirely to U. S. Government issue. He added the Oneida National Bank is a competitor in the Mohawk Valley area within a 10 or 15 mile radius of Frankfort, New York.

GUHRING said Citizens First National maintains Manufacturers Hanover Trust Company, New York, New York, as its correspondent bank, and the affiliate bank used Morgan Guaranty Trust and Manufacturers Hanover Trust Company as correspondent banks, to his knowledge.

On 10/24/61 at Frankfort, New York File # AL 60-232

by SA DONALD E. RITCHEY/bsp Date dictated 10/24/61

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GUHRING stated his bank did not participate with any affiliate banks in loans, but it was conceivable that such participation might occur in the future.

He continued he felt the need of the community from Little Falls, New York, to Rome, New York, was being adequately met by the existing banks in the area; however, since his bank is only an $8,000,000.00 bank, it does not have the facility to back big industry and with a holding company being organized, such would enhance larger industry to the area. He added he was of the opinion the normal growth of the community in the next five to ten years could be adequately met through the existing banks in the community, provided there is normal growth in the banking institution at the same time. He said, however, he was not satisfied with the normal or average growth but looked forward to the possibility of big industry coming into the area, to improve the economy.

He stated commercial banking has been concentrated in the area to the extent Marine Midland Trust Company of the Mohawk Valley absorbed the Ilion National Bank and Trust Company, Ilion, New York; First National Bank of Herkimer, Herkimer, New York; and Middleville National Bank, Middleville, New York, since 1950; the Oneida National Bank of Central New York, has absorbed the West Winfield National Bank, West Winfield, New York, and Manufacturers National Bank of Ilion, Ilion, New York, since 1955. He stated in his banking area, no banks have gone out of business since 1950, and no new banks have started business since that time. He stated the Marine Midland Trust Company of the Mohawk Valley opened a new branch bank in the North Utica Shopping Center, Utica, New York, within the past five years; however, this branch bank competition is very limited with Citizens First National.

GUHRING advised the Citizens First National Bank competitive position would be improved if the Morgan Guaranty Holding Company plan is consummated; his bank's growth or prospects would not be diminished; and the bank will not lose depositors, borrowers, service accounts or new capital ventures. He explained at the present, the Oneida National Bank was 18 times the size of Citizens First National; therefore, the fact they become a member of the holding company which would make them approximately 180 times as large, would have no additional effect on his bank. He said because of this, his bank will therefore, feel no need to merge, consolidate or go out of business.

He stated his bank's competitive position as compared to other banks in the community has improved since 1950, and he if of the opinion the affiliate bank has improved in its class or size.

He stated to his knowledge, the Oneida National Bank and Trust Company had very little competition, if any, with other affiliate banks in the area. He said his bank is in competition with other banks in western Herkimer County, New York, and the metropolitan area of Utica, New York. He said the Citizens First National derives 75 per cent of its deposits and loans within a radius of ten miles of Frankfort, New York, which includes the towns of Ilion, Mohawk, Herkimer, Middleville, West Winfield and Utica, New York; 50 per cent of its deposits and loans within the Village of Frankfort. He advised he did not know what the geographic area for deposits and loans involving the affiliate bank was.

GUHRING concluded by stating overall, he could not see any adverse effect coming from the establishment of a holding company in the community served by his bank.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGAT[illegible]N

Date 10/31/61

GEORGE BOWERS, President, Rome Savings Bank, advised his bank has taken no stand against the establishment of a holding company in the community by Morgan Guaranty Trust Company. He said the Rome Savings Bank had no fear of competition with the Oneida National Bank and Trust Company of Central New York, the affiliate bank. He stated the competition with the Oneida National was limited to savings and business mortgages only.

BOWERS advised Morgan Guaranty Trust and Bankers Trust Company, both New York, New York, were the correspondent banks of his bank and he was not aware of the correspondent banks maintained by the Oneida National Bank and Trust Company.

He advised his bank has not participated in any loans with the affiliate banks to date but would participate in such loans if the occasion arose.

He stated the present banking needs of the community are being adequately met but with future growth of the community, it may be advantageous to have greater capital available if needed.

He continued the Farmers National Bank and Trust Company and Rome Trust Company, both of Rome, New York, had been merged with Marine Midland Trust Company and the Oneida National Bank and Trust Company respectively, since 1955. He stated these were the only commercial banks in the Rome, New York, area and no commercial banks have gone out of business since 1950, nor have there been any new banks organized since 1950. He continued the Mohawk Acres Branch of the Oneida National Bank and Trust Company and the Black River Boulevard Branch of the Marine Midland Trust Company had been organized since 1950, with the definite date of organization not known.

He stated he cannot see that competition with his bank will be effected in any way since it is a savings bank, by the consummation of the Morgan Guaranty Holding Company. He stated his bank will not feel the need to merge, consolidate or go out of business because of such a holding company.

On 10/25/61 at Rome, New York File # AL 60-232

by SA DONALD E. RITCHEY/bsp Date dictated 10/25/61

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He said he is of the opinion his competitive position as compared to the other banks in the community, as well as the affiliate bank's competitive position, has remained approximately the same since 1950. He added, to his knowledge, the affiliate banks did not compete with each other in any way. He said his bank was in competition with the Oneida County Savings Bank, which was also located in Rome, New York; however, this was a friendly competition and good for the community. He said he derived 75 per cent of deposits and loans from Rome metropolitan area which includes the Town of Rome, Camden, Taberg and Verona, New York. He said he received 50 per cent of his deposits and loans from the City of Rome itself. He added because of the numerous branches operated by the Oneida National Bank and Trust Company, he did not know their geographic area division as to deposits and loans.

He concluded by stating he felt the competition arising from establishment of a holding company would have no adverse effect on any banking institutions in the area because he was of the idea there are still many people who are against, and will not deal with, bigness in a bank.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGA[illegible]N

Date 11/9/61

ROGER SINNOTT, President, Bank of Utica, advised his bank has taken a stand in leaning toward the establishment of a holding company by the Morgan Guaranty Trust. He stated he did not believe such a holding company would make an appreciable difference as regards competition; however, it would make a difference if there were no independent banks such as his bank in the community.

He stated the Oneida National Bank is the only affiliate bank in competition with his bank and the competition involves deposits, loans and other general banking services, but not trusts or investments.

He said the Manufacturers Hanover Trust and Bank of New York, both New York, New York, were the correspondent banks for his bank, and the Oneida National Bank used the following as its correspondent banks:

First National City Bank

Morgan Guaranty Trust

Chase Manhattan

Manufacturers Hanover

He said his bank did not participate in loans with any of the affiliate banks.

SINNOTT stated the banking needs of the community are adequately met at this time without the holding company and would be adequately met in the future without the holding company because there is no industry in the community of such size that would demand the backing such as the holding company would have. He continued the Oneida National Bank and Trust Company, with an approximate $1,000,000.00 loan capacity at the present time, is enough to meet the need of present industry.

SINNOTT stated his bank serves the City of Utica, New York, only and there have been no banks in the City of Utica that have merged since 1950, nor have any gone out of

On 11/6/61 at Utica, New York File # AL 60-232

by SA DONALD E. RITCHEY/bsp Date dictated 11/7/61

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business or new banks established since 1950. He stated, however, the following branch offices have been established:

Downtown Branch, Oneida National Bank, July, 1960

East Utica Branch, Oneida National Bank, July, 1961

Oneida Square Branch, Oneida National Bank, approximately 10 years ago

North Utica Branch, Marine Midland Trust Company, approximately 1958

South Utica Branch, Marine Midland Trust Company, approximately 1953

He stated his bank's competitive position would not be weakened if the holding company plan is consummated; the bank's growth or prospects will not be diminished and if the plan is consummated, this will cause the Bank of Utica to be in a more favorable competitive position than the Oneida National Bank, in his opinion. He stated he assumed the Oneida National Bank officials consider the holding company plan to place their bank in a better competitive position with the Marine Midland Trust Company in the Utica area; however, he (SINNOTT) does not know how the position would be enhanced. He stated his bank would definitely not feel the need to merge, consolidate or go out of business because of such a holding company. He stated his bank's competitive position has improved since 1950, and explained that in 1950, his bank held 3.3 per cent of all commercial bank assets in the Utica area while in 1961, his bank holds 4.84 per cent of all commercial bank assets in Utica. He said his bank has increased faster percentage-wise than the Oneida National Bank and felt this was caused because "bigness" has hurt the Oneida National Bank.

SINNOTT made available the following statistical data for deposits comparing his bank with the Oneida Natinnal Bank and Trust Company of Central New York and the Marine Midland Trust Company of the Mohawk Valley to show the competitive position of these three banks:

Year	Bank of Utica Deposits	Oneida National Bank Deposits	Marine Midl Bank Deposi
1950	$3,500,000.00	$47,500,000.00	$54,000,000.
1955	7,500,000.00	63,000,000.00	58,000,000.
December 1960	12,000,000.00	112,000,000.00	115,000,000.

SINNOTT pointed out the growth in deposits of Oneida National and Marine Midland came about through mergers in the past ten years in that the Oneida National purchased $32,000,000.00 in deposits since 1955, and the Marine Midland purchased $36,000,000.00 since 1958. He added the above statistics show why the Bank of Utica is not concerned with the establishment of a holding company in the community.

He stated there was no real competition known to him between affiliate banks in the area.

He stated his bank is in competition to a material extent with other banks only in the City of Utica and the bank derived 75 per cent as well as 50 per cent of its loans and deposits from the City of Utica only. He stated the Oneida National Bank competition is restricted to the Herkimer and Oneida County, New York areas, drawing approximately 75 per cent of its loans and deposits from Oneida County and 50 per cent of its deposits and loans from the City of Utica.

SINNOTT concluded by stating he knew of no adverse effect arising from the establishment of a holding company with regard to competition in the Utica area.

11/14/61

Airtel

To: SAC, New York (60-1399)

From: Director, FBI (60-5733)

REC-7

MORGAN NEW YORK STATE CORPORATION; ET AL.
ANTITRUST
(OO: NEW YORK)

Rerep SAA Eugene R. Noble, 11/9/61, New York.

Enclosure to rerep for dissemination to Antitrust Division not appropriately listed on FD-204 and not received with rerep. Submit amended FD-204 and enclosure by return mail. Record appropriate non-substantive error.

New York promptly conduct investigation at Bronxville, New York, and follow investigation closely with auxiliary offices to assure completion of all investigation at earliest practicable date. Bureau has previously directed that this matter is to receive immediate and continuous attention.

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FEDERAL BUREAU OF INVESTIGATION

Office	Office of Origin	Date	Investigative Period	
NEW YORK	NEW YORK	11/6/61	10/13-10/27/61	

OF CASE	Report made by	Typed By:
MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK	EUGENE R. NOBLE (A)	jor
	CHARACTER OF CASE ANTITRUST	

REFERENCE: Buairtel to NY 10/10/61.

- P -

ENCLOSURE (1): TO THE BUREAU

One (1) signed statement of CHARLES W. HAWKINS, President, First National Bank of Spring Valley, New York, for dissemination to the Department of Justice.

ADMINISTRATIVE:

The statement of CHARLES W. HAWKINS appears in the third person due to the following situation. Upon completion of interview HAWKINS was requested to furnish a signed statement. HAWKINS stated he preferred to do so by dictating it to his secretary, which he did. Upon completion of the statement, it was pointed out to HAWKINS that it was in the third person. HAWKINS stated he preferred the statement as it was. It was decided at that time that the statement from HAWKINS would be accepted in this manner.

EXP. PROC.

	Special Agent in Charge	Do not write in spaces below			
2 - Bureau (Encl. 1) 2 - Buffalo 2 - New York (60-1399)					REC- 4

I-ATD by OGD, 11-21-61 with 1 ENCL on FD-204 listed

11-15-61

[illegible]

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☆ U. S. GOVERNMENT PRINTING OFFICE: 1956 O—[illegible]

LEADS:

BUFFALO

At Arcade, New York

Will contact Mr. A.F. SHERMAN, President, The Citizens Bank of Arcade and interview him along the lines set forth in Department of Justice memo enclosed with referenced Buairtel which Buffalo has.

NEW YORK

At Bronxville, New York

Will interview HERBERT B. GRANT, Executive Vice-President, Gramatan National Bank, along the lines set forth in Department of Justice memorandum enclosed with referenced Buairtel.

60-5782-4

FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of: EUGENE R. NOBLE (A) Office: New York, New York
Date: 11/9/61

Field Office File No.: 60-1399 Bureau File No.:

Title: MORGAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Character: ANTITRUST

Synopsis: This case is predicated upon a request by the Antitrust Division that the FBI interview high level officers of commercial banks in competition with six upstate New York banks which under a proposed plan will become members of a holding company known as the Morgan New York State Corporation. CHARLES W. HAWKINS, President, First National Bank of Spring Valley, said in a signed statement he considered this plan to be monopolistic in that it put too much money in the hands and control of too few. HAWKINS furnished the names of four bank officials who might be able to furnish information to support the Government's position. HAWKINS said he believes and other bankers have told him that independent banking is not going to survive long with the present expansion of the large banks. HAWKINS said he would be a willing witness to his ideas and statements as set forth.

- P -

ENCLOSURE (1): TO THE BUREAU FOR TRANSMITTAL TO THE ANTITRUST DIVISION, DEPARTMENT OF JUSTICE

Signed statement of CHARLES W. HAWKINS, President, First National Bank of Spring Valley, Spring Valley, NY.

DETAILS:

This case is predicated upon a request from the Antitrust Division, United States Department of Justice, that the Federal Bureau of Investigation interview high level officers of commercial banks which are in competition with six upstate New York banks, namely

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Manufacturers and Traders Trust Company, Buffalo, New York, Lincoln - Rochester Trust Company, Rochester, New York, The National Commercial Bank and Trust Company of Albany, Albany, New York, First Trust and Deposit Company, Syracuse, New York, The Oneida National Bank and Trust Company of Central New York, Utica, New York and the First - City National Bank of Binghamton, New York, Binghamton, New York, which banks, under a proposed holding bank company plan, will become known as the Morgan New York State Corporation.

On October 13, 1961, JAY NORTHRUP, Executive Vice President, The First National Bank of Spring Valley, Spring Valley, New York, advised that Mr. CHARLES W. HAWKINS, President of this bank left for California on October 10, 1961, and will return on October 20, 1961.

NORTHRUP said HAWKINS is the logical individual at this bank, who could properly answer the questions put forth by the Department of Justice and therefore requested that any questioning be held in abeyance until HAWKINS returns on October 20, 1961.

A tentative appointment was made for 10:00 AM Monday, October 23, 1961, with Mr. HAWKIN's secretary to discuss this matter.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGAT N

Date 11/1/61

On October 23, 1961, CHARLES W. HAWKINS, President, First National Bank of Spring Valley, Spring Valley, New York, was contacted at which time he said he would be very happy to discuss the matter of the Morgan New York State Corporation, a holding company, attempting to acquire controlling interest in a number of upstate New York banks.

HAWKINS said he felt very strongly about this matter and said he felt it would only be a matter of time until the large banks had absorbed all the small independent banks either by holding bank companies or by branch banking.

This matter was discussed with HAWKINS until approximately 12:30 PM, at which time HAWKINS said he had an appointment and must leave but would like to discuss the matter further on October 24, 1961.

On October 24, 1961, the matter was discussed at length. HAWKINS advised that he would like to check his records further, and discuss this matter with other bankers in an effort to obtain individuals who would be in a position to and willing to furnish information to substantiate the Government's position in this matter.

On October 26, 1961, HAWKINS furnished a list of the member banks of Community Banks of New York State, an organization of independent banks who were opposed to the expansion of large banks by the method of holding companies and by branch banking by the very large banks outside the bank's banking district, such as New York City banks going to Westchester County and Rockland County.

HAWKINS said this organization has not been active in the past two years, however.

HAWKINS said there are approximately 49 banks which are members of the Community Banks of New York State.

On 10/23,24,26,27/61 at Spring Valley, NY File # NY 60-1399

by SAA EUGENE R. NOBLE/jor Date dictated 10/30/61

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They are as follows:

COMMUNITY BANKS OF NEW YORK STATE 1958 Members

The Massena Banking and Trust Company, Massena, New York
Mr. CLEMENT J. WARD, Vice President

First National Bank of Spring Valley, Spring Valley, New York
Mr. CHARLES W. HAWKINS, President

Peninsula National Bank of Cedarhurst, Cedarhurst, New York
Mr. CHARLES J. MACHLEID, President

The National Union Bank of Monticello, Monticello, New York
Mr. ELMER DELL, President

The North Fork Bank and Trust Company, Mattituck, New York
Mr. HENRY L. FLEET, President

The First National Bank of Dolgeville, Dolgeville, New York
Mr. LEO E. HOMRIGHAUS, President

Montgomery County Trust Company, Amsterdam, New York
Mr. W. HICKS NADLER, President

The First National Bank of Wayland, Wayland, New York
Mr. T.J. CAPRON, President

The First National Bank of Glen Head, Glen Head, New York
Mr. ROBERT W. MILLER, President

First National Bank of Minoa, Minoa, New York
Mr. A.S. MAYNARD, President

Lafayette Bank and Trust Company of Suffern, Suffern, New York
Mr. ALBERT C. STEHLE, President

The Canandaigua National Bank and Trust Company, Canandaigua, New Y
Mr. ARTHUR S. HAMLIN, President

The Peoples National Bank of Patchogue, Patchogue, New York
Mr. G. HOWARD HATFIELD, President

Putnam County National Bank, Carmel, New York
Mr. LELAND RYDER, President

The Gramatan National Bank and Trust Company of Bronxville, Bronxville, New York
Mr. HERBERT B. GRANT, Executive Vice President

The Mahopac National Bank, Mahopac, New York
Mr. J. HALSEY DECATUR, Cashier

The Hamlin National Bank, Holcomb, New York
Mr. JOHN T. HAMLIN, President

Hayes National Bank, Clinton, New York
Mr. G.M. HAYES, Vice President

First National Bank of Cortland, Cortland, New York
Mr. K.P. MINER, President

The Columbus Trust Company, Newburgh, New York
Mr. WM. E. HENDERSON, Secretary

Ilion National Bank and Trust Company, Ilion, New York
Mr. K.A. TILLINGHAST, Executive Vice President

The Essex County National Bank, Willsboro, New York
Mr. H.H. TIETENBERG, Cashier

Atlanta National Bank, Atlanta, New York
Mr. WILLIAM R. TOBEY, Cashier

The Bank of Orange County, Goshen, New York
Mr. PIGGOTT, President

Bank of Westbury Trust Company, Westbury, New York
Mr. CHARLES C. HAUSER, Executive Vice President

The St. Lawrence County National Bank, Canton, New York
Mr. G. HEDLUND, Cashier

The Citizens Trust Company, Schenectady, New York
Mr. HARHLON G. SNELL, President

The First National Bank of Southampton, Southampton, New York
Mr. BENJ. B. SADOWSKY, Cashier

The Suffolk County National Bank of Riverhead, Riverhead, New York
Mr. JOHN C. STARK, President

The National Union Bank of Kinderhook, Kinderhook, New York
Mr. ALLEN J. THOMAS Jr., Executive Vice President

Solvay Bank, Solvay, New York
Mr. EDWIN B. WINKWORTH, President

Lincoln National Bank and Trust Company, Syracuse, New York
Mr. CARL H. MAAR, President

The South Fallsburg National Bank, South Fallsburg, New York
Mr. JOHN G. WHITTAKER, Cashier

The National Bank of Florida, Florida, New York
Mr. CLINTON E. MARS, President

The Franklin National Bank, Franklin Square, New York
Mr. HAROLD V. GLEASON, Vice President

The National Bank of Liberty, Liberty, New York
Mr. M.R. ELLISON, President

Highland National Bank of Newburgh, Newburgh, New York
Mr. T.J. JAMISON, President

The First National Bank and Trust Company, Ossining, New York
Mr. DRISLANE, President

First National Bank of East Islip, East Islip, New York
Mr. ALSTON A. WEVER, President

The Roundout National Bank, Kingston, New York
Mr. IRVING N. EYLES, Executive Vice President

Bank of Rockville Centre Trust Company, Rockville Centre, New York
Mr. J. SCHAEFER, Comptroller

Long Island Trust Company, Garden City, New York
Mr. FREDERICK HAINFELD, Jr., President

The Valley National Bank, Wallkill, New York
Mr. C. EVERETT TERWILLIGER, President

First National Bank of Addison, Addison, New York
Mr. EDWARD L. DAVIES, President

The Bank of LeRoy, LeRoy, New York
Mr. C.A. GRAHAM, President

Central Bank and Trust Company, Great Neck, New York
Mr. WILLIAM A. KIELMANN, President

The Citizens Bank of Arcade, Arcade, New York
Mr. A.F. SHERMAN, President

Added in 1959 -

Bank of Suffolk County, Stony Brook, Long Island
Mr. WILLIAM F. PLOCH, President

Tappan Zee National Bank, Nyack, New York
Mr. FRED PALMER, Executive Vice President

HAWKINS further advised that there are no representatives of the Community Banks of New York State in cities of Buffalo, Albany or Utica, New York, which surprised him very much.

He said the only representatives he could name that might be helpful to the Government's position in this matter are:

1. The Canandaigua National Bank and Trust Company, Canandaigua, New York.

2. Lincoln National Bank and Trust Company, Syracuse New York, CARL H. MAAR, President.

3. The Citizens Bank of Arcade, Arcade, New York, Mr. A.F. SHERMAN, President

4. Gramatan National Bank, Bronxville, New York, Mr. HERBERT B. GRANT, Executive Vice President.

HAWKINS further stated that he had contacted Mr. KOGLE, President, First National Bank of Batavia, Batavia, New York, whom he knew to be a strong supporter of independent banking. HAWKINS said he thought KOGLE would be an excellent witness for the Government in this matter, but to his surprise found that KOGLE was not opposed to the proposed plan of the Morgan New York State Corporation Plan. HAWKINS said KOGLE used the fact that Marine Midland Trust Company, a holding company, is in the cities to which Morgan Guaranty plans to go. HAWKINS said KOGLE said it was felt this was a good thing, as Marine Midland would then have some strong competition which they do not now have. HAWKINS said KOGLE said independent banking is dead in the areas of Buffalo, Rochester, Albany and Syracuse, and therefore it would be foolish to try to fight this plan.

HAWKINS said KOGLE told him Mr. A.F. SHERMAN, President, of the Citizens Bank of Arcade, Arcade, New York, a very strong supporter of independent banking in the past, has given up the fight and is resolved to either sell out to the large banks or try and compete with them.

HAWKINS said KOGLE said many of the small upstate banks had received questionaires from the Department of Justice asking if they were opposed to the Morgan New York State Corporation proposed plan and many had said they were not opposed.

HAWKINS said from this he must conclude that independent banking is practically dead and it is just a matter of time when the larger banks will take over all the banking in New York State.

On October 27, 1961, HAWKINS signed the following signed statement.

"Spring Valley, New York
October 27, 1961.

"CHARLES W. HAWKINS, President of First National Bank of Spring Valley, Spring Valley, New York was advised that he did not have to make a statement and any statement he made could be used in a court of law. No threats or promises were made to him to induce him or persuade him to make this statement. He was advised of his rights to counsel.

"HAWKINS said he is on the Executive Council of the Independent Bankers Association and is President of the Community Banks of New York State, which is a division of the Independent Bankers Association.

"HAWKINS said the Executive Council of the Independent Bankers Association, as well as the Community Banks of New York State, is opposed to the growth of holding bank companies and is further opposed to the expansion of New York City banks by means of branch banking into outlying counties of New York City and the State of New York. HAWKINS said holding bank companies became legal in the early 1930's, but branch banking by New York Ci banks in outlying counties were prohibited by law in New York State. In the mid 30's or thereabouts, and shortly after the Marine Midland Trust Company, acting as a holding bank company, purchased its many banks throughout New York State, a freeze was placed on holding bank companies, which freeze remained in effect until approximately January, 1960.

"HAWKINS said in January, 1960, the New York State Legislature passed a law whereby commercial and savings banks from New York City were permitted to establish branches in Nassau and Westchester Counties and also removed the freeze placed on holding bank companies, which now permits holding bank companies to be established throughout the State of New York.

"HAWKINS said his bank does not presently compete with any of the banks included in the affiliate group of banks in the Morgan Guaranty holding company group.

"HAWKINS said their correspondent bank is the Bankers Trust Company in New York City.

"HAWKINS said his bank does not participate in loans with any of the affiliate banks in the Morgan Guaranty group.

"HAWKINS said the present banking needs of his community are being adequately met by the existing banks therein. HAWKINS said he is positive that the future banking needs of his community can be met by the existing banks in the community for the next ten years and for years to come. He said if help is needed, it can be obtained through correspondent banks. HAWKINS said the existing banks have grown as the community has grown.

"HAWKINS said the assets of the existing commercial banks in his community have grown with the community and many new branches of local banks have been established. HAWKINS said in 1956 the following banks in Rockland County consolidated to form the Rockland National Bank. These banks were:

"The First National Bank of Pearl River
Haverstraw National Bank
Ramapo Trust Company, Spring Valley, New York
Suffern National Bank, which bank had previously
merged with the Tuxedo National Bank, Tuxedo, New York.

"HAWKINS said the Rockland National Bank has approximately 45 per cent of the commercial deposits in Rockland County, New York.

"HAWKINS said in 1957 his bank, the First National Bank of Spring Valley merged with the First National Bank of Sparkhill, New York.

"HAWKINS said the Marine Midland Trust Company bought controlling interest in the Nyack Bank and Trust Company, Nyack, New York, in 1935 and in 1958 this company also purchased the State Bank of Pearl River, Pearl River, New York. He said in approximately 1957 or 1958, the names of these banks were changed to the Marine Midland Trust Company, which name they now bear.

"HAWKINS said no commercial banks have gone out of business in Rockland County since 1950 and that the only new bank formed was the Tappan Zee National Bank, which was started in Nyack, New York, in 1955.

"HAWKINS said the following banks have added the following branches:

"1. First National Bank of Spring Valley - branch opened at Stony Point, New York, in 1956.

2. Tappan Zee National Bank - branches opened at Orangeburg, New York in 1957 and at West Nyack, New York, in 1961.

3. Nanuet National Bank - branches opened at West Nyack, New York in 1956, New City, New York in 1961, and an additional branch at Nanuet, New York, which is presently under construction.

4. Rockland National Bank, branch opened at New City, New York in 1961.

5. Peoples Bank of Haverstraw, Haverstraw, New York - branch opened in New City, New York in 1954 and main offices transferred to New City, New York, in 1961.

"HAWKINS said he did not feel that his bank's present competitive position would be weakened or diminished by the proposed Morgan Guaranty holding company plan if consummated, but pointed out that this is just a starting point at this time and that their future purchases and actions will undoubtedly weaken and diminish his bank's future position. He said that this is just a method of "getting their foot in the door". HAWKINS said he does not feel his bank will need to merge, consolidate or go out of business or enter into a holding bank company arrangement with other banks if the Morgan Guaranty holding company plan is consummated at this time, but it is felt that as a result of this plan, if consummated, his bank will be forced to do something to counter the needs that will follow if such a plan is granted.

"HAWKINS said he feels that as a result of the Omnibus Bank Law passed in January, 1960, by the New York State Legislature, that branch banking and holding bank company purchases will practically force independent banking out of the economic picture in the State of New York within a few years.

"HAWKINS said his bank's competitive position as compared to the other banks in the community has improved proportionately with the other banks in the community, both since 1950 and 1955.

"HAWKINS said his bank does not compete with the affiliated banks of the Morgan Guaranty group in his banking community as all of these banks are upstate New York from him.

"HAWKINS said he did not know to what extent the affiliate banks compete with one another.

"HAWKINS said his bank competes to a material extent with the one branch of the Rockland National Bank as well as a savings and loan association in his Village and county, but not to a large extent with banks in his state banking district, New York City, other banks in New York State or in the Nation.

NY 60-1399

"HAWKINS said his bank must compete with New York City banks to some extent, however, since many of the citizens of Rockland County do their banking with New York City banks because they are near to New York City banks and since many of these people are employed in New York City.

"HAWKINS said the competition of New York City banks is a real problem to his bank and the other banks in Rockland County since the New York City interest rate on loans is lower than their interest rate and since many of the large commercial accounts of industry of Rockland County, such as Avon, New York Trap Rock and Lederle, to name only a few, maintain their principal commercial deposits with the New York City banks. HAWKINS said this makes for unfair competition since New York banks has very large commercial deposits in relation to their savings deposits, which money is used to make loans to various people in industry. He said this means the money they are lending does not require that interest be paid on it, whereas savings deposit money loans require interest, making the margin of profit for the bank much less for small banks as compared to large banks in that the small banks' proportion of commercial deposits is much smaller than their proportion of savings deposits.

"HAWKINS said this holding company purchase would be harmful and wrong, saying on repeated occasions the superintendent of banks for the State of New York refused to permit the County Trust Company of White Plains, New York to cross the river into Rockland County. He said the County Trust Company was attempting to merge with Ramapo Trust of Spring Valley in 1955.

"HAWKINS said to say Rockland County requires the banking facilities of the City of New York is to classify Rockland with the rest of the world. He said every banking center is belittled or dwarfed when compared to the giants of finance situated in New York City.

"HAWKINS said the mergers, consolidations and proposed holding company purchases by the major banking institution, with the resulting absorption and assimilation of smaller banks is monopolistic. HAWKINS said the independent banks represent small business, the thing which the Government has stressed and is now stressing as one of the backbones of our country.

"HAWKINS said holding bank companies and branch banking are one and the same in purpose. A holding company is a simply espedient for avoiding geographic limitations in order to acquire control of banks throughout New York State. He said he has no objection to banks establishing branches in their own district.

"HAWKINS said holding bank companies and branch banking both have the same result, control of the bulk of the money by a very few for the benefit of a very few at the expense of million of New Yorkers. HAWKINS said "money is power, don't loose sight of that fact".

"HAWKINS repeated that this proposed plan would be monopolistic in that it puts too much money in the hands and control of too few.

"I have read the above statement consisting of this and four other pages and it is true to the best of my knowledge.

"/S/ Charles W. Hawkins

"October 27, 1961

"**Witnessed**
Eugene R. Noble, Special Agent, FBI, Spring Valley, New York, October 27, 1961."

HAWKINS said he would be a willing witness to the above facts.

36 (Rev. 12-13-56)

FBI

Date: 11/17/61

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AIRTEL
(Priority or Method of Mailing)

TO : DIRECTOR, FBI (60-5733)

FROM : SAC, NEW YORK (60-1399)

SUBJECT: MORGAN NEW YORK STATE CORPORATION;
ET AL
ANTITRUST

Rey Hdql.

Re Bureau airtel 11/14/61 and NY report of SAA EUGENE R. NOBLE dated 11/9/61.

Enclosed herewith is corrected FD-204 for rerep and signed statement of CHARLES W. HAWKINS, President of the First National Bank of Spring Valley, Spring Valley, NY.

Corrected copies of the FD-204 are also enclosed for Buffalo.

60-5733-

3 - Bureau (60-5733) (Encls. 3)(RM)
1 - Buffalo (Encls. 2)
1 - New York (60-1399)

60-5733

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Approved: ______________ Sent ______________ M Per ______________
Special Agent in Charge

5-1-59)

FEDERAL BUREAU OF INVESTIGATION

TING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD	
BUFFALO	NEW YORK	11/22/61	11/13-11/17/61	

LE OF CASE

MORGAN NEW YORK STATE
CORPORATION; MORGAN
GUARANTY TRUST COMPANY
OF NEW YORK

REPORT MADE BY: LEON L. ROBINSON (A)

TYPED BY: dmg

CHARACTER OF CASE

ANTITRUST

REFERENCE: Bureau airtel to New York, 10/10/61.

-P-

LEADS

BUFFALO

AT BUFFALO, NEW YORK. Will interview officials of State Bank of Kenmore, Liberty Bank and Trust Company, and Lincoln National Bank.

AT ROCHESTER, NEW YORK. Will interview officials of Security Trust Company and Central Trust Company.

AT CANANDAIGUA, NEW YORK. Will interview officer of Canandaigua National Bank and Trust Company.

J

APPROVED UMA — SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE: E

2 - Bureau (60-5733)
2 - New York (60-1399)
2 - Buffalo (60-297)

1-ATD by O&D, 11-21-61
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DISSEMINATION RECORD OF ATTACHED REPORT

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NOTATIONS

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U.S. GOVERNMENT PRINTING OFFICE 16—76324-1

LEADS (Cont'd.)

BUFFALO (Cont'd.)

AT GENEVA, NEW YORK. Will interview official National Bank of Geneva.

ADMINISTRATIVE:

Efforts to contact **E. PERRY SPINK**, President, Liberty Bank and Trust Co., and **HOWARD H. F. KLAIBER**, President, Lincoln National Bank, both Buffalo, N.Y. on 11/14/61 met with negative results as both were out of town and lesser ranking officers indicated interview should be had with the above officers.

On 11/17/61, C. J. **MEER**, Executive Vice President, State Bank of Kenmore, advised interview should be had with the President, A. A. MC MULLEN, who had made a study relating to the proposed merger and was scheduled to appear at a hearing in Washington, D.C. on 12/7/61 to offer testimony favoring the proposed merger.

FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of:	LEON L. ROBINSON (A)	Office:	Buffalo, New York
Date:	11/22/61		
Field Office File No.:	60-297	Bureau File No.:	60-5733

Title: MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Character: ANTITRUST

Synopsis: President, 1st National Bank and Trust Co., Corning, N.Y., advised that bank competes with two branches of Lincoln Rochester Trust Co., only other banks in Corning. Correspondent banks are Grace National Bank, 1st National City Bank of N.Y. and Manufacturer's Hanover Trust Co., all of N.Y.C; correspondents of Lincoln Rochester Trust Co. not known as such handled through main office at Rochester, N.Y. Bank presently participating in local loans with both branches, but not due to inability to handle loan alone. He feels present needs are being met as will future needs, by existing banks. No opinion expressed re competitive status due to lack of data on competitors. He stated proposed merger, if effected, would enable the holding company to force his bank out of operations, if such action were decided upon, and such would be a great blow to independent banks. President, Bank of Buffalo, advised said bank is 80% owned by Financial General Corp., a holding company, and competes with other banks except for Trust and Investment Departments. Correspondent banks located Buffalo and N.Y., N.Y; Detroit, Michigan; and Chicago, Illinois. He believes present and normal future needs are and can be met with existing banks. No commercial banks opened since 1950 and none closed except through merger or sale. Numerous branches opened by Manufacturers and Traders Trust Co., Liberty Bank and Trust Co. and Marine Trust Co. of Western New York since 1950. He is not opposed to proposed merger, anticipates no undue competition and wrote letter to that effect to State of New York Superintendent of Banks.

-P-

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FD-302 (Rev. [illegible])

FEDERAL BUREAU OF INVESTIGA[illegible]

Date 10/18/61

LELAND E. BRYAN, President, First National Bank and Trust Company, Corning, New York, advised that he is well aware of the proposed Morgan Guaranty holding company and the identity of the New York State banks involved. He stated that there are only three commercial banks in Corning, New York, his own bank and two offices of the Lincoln Rochester Trust Company, having main office in Rochester, New York. BRYAN stated the Lincoln Rochester Trust Company, Rochester, New York, is one of the banks which would be involved in the Morgan Guaranty holding company, and identified their offices in Corning, New York, as being the Corning Trust Office and the Northside Office.

BRYAN stated that the First National Bank and Trust Company is in competition with these two local offices of the Lincoln Rochester Trust Company in all the usual banking services, for example, deposits, loans, trust accounts, and investment services.

BRYAN advised The Grace National Bank, The First National City Bank of New York, and the Manufacturer's Hanover Trust Company, all of New York City, are the correspondent banks of the First National Bank and Trust Company of Corning, New York. He stated that the two Corning, New York offices of the Lincoln Rochester Trust Company, do not have any correspondent banks of themselves as the main office of the Lincoln Rochester Trust Company in Rochester, New York, would handle this phase of their banking operations.

BRYAN stated that his bank is presently participating in three loans with the local offices of the Lincoln Rochester Trust Company and advised that these three loans are the only loans on which his bank has ever participated with another bank. BRYAN identified these three loans as being a loan originating over five years ago to the Corning Country Club, a loan originating in early 1961 to the Corning Hotel Corporation, and a loan originating in August, 1960, to the First Presbyterian Church of Corning, New York. He advised that all three of these loans were split on a 50-50 basis between his bank and the local office of the Lincoln

On 10/13/61 at Corning, New York File # BU60-297

by SA ROBERT W. BUCHER/krd Date dictated 10/15/61

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Rochester Trust Company, and pointed out that in each instance he believes that such an arrangement was effected merely because they each were a form of a community proposition, and there was a desire on the part of the borrowers to divide the business equally between the two local banks. BRYAN advised that the arrangement of loan participation was not based on an inability of either bank to handle the loan itself.

BRYAN advised that it is his honest opinion that the present banking needs of Corning, New York, are being adequately met by the existing banks in the community, and pointed out that the other bank in Corning, New York, is a branch of a bank with assets in excess of 400 Million Dollars. BRYAN stated that there is no question, but what the anticipated banking needs of Corning, New York, in the next ten years or even longer can be adequately met by the existing banks. He pointed out that Corning, New York, is a community of only 17,000 and that there is absolutely no large growth anticipated. BRYAN stated that Corning, New York, is only 17 miles from Elmira, New York, a much larger city, which has several banking establishments including offices of the Marine Midland Trust Company of Southern New York.

BRYAN advised that there has been no change in the number of banks in the Corning, New York community for the past 30 years. He explained that the last acquisition was in 1948 when the Lincoln Rochester Trust Company of Rochester, New York obtained the Corning Trust Company and its Northside Office in 1948.

BRYAN stated that it would be extremely difficult for him to estimate the effect the proposed Morgan Guaranty holding company might have upon his bank's competitive position in Corning, New York. He explained that ever since 1948 when the Lincoln Rochester Trust Company took over the Corning Trust Company, there have been no figures available for the Corning offices of the Lincoln Rochester Trust Company. He pointed out that under State and Federal law, banks are required to publish quarterly a statement of assets, liabilities, capitol accounts, and so forth, but that figures for the Corning offices of the Lincoln Rochester Trust Company, since 1948, have been concealed within the published statement of the Lincoln Rochester Trust Company, as a whole, as the law does not require such statements to be broken down into individual branch offices. BRYAN advised that if he knew how this bank was doing and has been doing since 1948, he might be able to estimate the effect the proposed holding company would have upon his bank's operations. He stated that if he knew how the First National Bank and Trust Company had done against a 400 Million Dollar outfit, he could hazard a guess as to how they might do against a 6 Billion Dollar organization, but without the figures to make this comparison, he is unable to make an estimate until after the merger, when his bank's figures will reflect the effect.

BRYAN stated he does not believe that the banks involved in the proposed holding company presently compete with one another to any degree.

BRYAN advised the First National Bank and Trust Company of Corning, New York, competes only with the Corning offices of the Lincoln Rochester Trust Company. He stated his bank obtains 75% of their loans and deposits from the City of Corning, New York, and the immediate fringe area and assumes the same would hold true for the local offices of the Lincoln Rochester Trust Company.

BRYAN advised that he believes that the proposed Morgan Guaranty holding company would definitely give sufficient power to the holding company to force his bank completely out of business if such a drastic course of action were decided upon. He advised this merger appears to be merely a continuation of an undesirable trend. BRYAN expressed the opinion that this proposed holding company would be a great blow to independent banks and would naturally increase the pressure upon small banks to merge themselves.

BRYAN was unable to suggest the identity of other individuals who might possess information of value to this inquiry.

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FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 11/22/61

RALPH W. STODDARD, President, Bank of Buffalo, Buffalo, New York, advised he is aware of the proposed merger of several banks into a holding company, one of the banks being the Manufacturers and Traders Trust Company, Buffalo, N.Y.

He stated that, lest he be thought to be prejudiced, he felt he should advise that the Bank of Buffalo is owned 80% by the Financial General Corporation, 1625 Eye Street NW, Washington 6, D.C., which owns interests in a total of seventeen (17) banks located in eight (8) states. Banks operated in the State of New York, in addition to the Bank of Buffalo, are the Bank of Commerce, New York City; Industrial Bank, Schenectady, New York; Industrial Bank of Commerce, Albany, New York. Control of Financial General Corporation, a 700 million dollar firm, is vested in the International Bank, Washington, D.C. and the holdings of GEORGE OLMSTEAD, who is President.

He stated the Bank of Buffalo is in competition with Manufacturers and Traders Trust Company (M and T), Buffalo, N.Y., to the extent possible, but that his bank does not operate a Trust Department or Investment Service. He pointed out that limitations on lending specify a maximum of 10% of total capital, which limits his bank to a $390,000 single loan, but M and T, with capital assets of 42 million, can extend a much larger loan. He pointed out that other banks under Financial General Corporation compete with other proposed "affiliate" banks which are included in the proposed merger.

He stated his bank has as correspondents the Marine Trust Company of Western New York, Buffalo, N.Y; Morgan Guaranty Trust Company, New York City; M and T, Buffalo, N.Y; Chase Manhattan, New York City; Bank of New York, New York City; Empire Trust Company, New York City; Harris Trust Company, Chicago, Illinois; Manufacturers National Bank, Detroit, N.Y; and a non-member clearing account with the Buffalo Branch of the Federal Reserve Bank of New York.

On 11/13/61 at Buffalo, New York File # Bureau (60-5733)
NY (60-1399)
BU (60-297)

by SA(A) LEON L. ROBINSON/dmg Date dictated 11/17/61

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He stated he believed M and T had as its correspondent banks Morgan Guaranty Trust Company, New York City; Chase Manhattan, New York City; Hanover Trust, New York City; and Bankers Trust, New York City.

He stated his bank has never participated in any joint loan with M and T. He pointed out that under the "holding company" setup, his bank does not participate with other banks which are members of the same holding company.

He advised it was his considered opinion that the existing commercial banks are meeting the needs of Buffalo and community, and Small Business Investors Corporation has offered equity financing where desired. He stated he knew from his and his own bank's experience, that some benefit is derived from meeting with other "affiliate" bank personnel and such knowledge and techniques obtained do benefit the community.

He stated he believed the normal future needs of Buffalo and the community can be met by present institutions and the great threat to commercial banks in Buffalo is the concentration of deposits in savings banks.

He stated he had, by letter dated July 17, 1961 to OREN ROOT, Superintendent, Department of Banks, New York State, responded to an inquiry and advised he was in favor of the proposed merger as it would offer no undue competition to his operations and would offer competition to those banks in the Marine Midland Corporation.

He stated no new commercial banks have opened in the area since 1950 but that several of the commercial banks existing in 1950 have been merged into other banks.

He stated Marine Trust Company of Western New York opened branches in East Aurora, Gowanda, Hamburg, Springville, Lockport, Attica and Batavia.

M and T opened branches or acquired existing banks at Batavia, Blasdell, Clarence, Ellicottville, Fredonia, Kenmore, Lockport, Silver Creek, Springville, and Thru-way Plaza, Buffalo.

Liberty Bank and Trust Company opened branches or acquired banks as branches in Fredonia, Oakfield and East Aurora, and currently are proposing to acquire the Peoples Bank of Hamburg and the Bank of Orchard Park.

No commercial banks have gone out of business, except through merging, since 1950.

M and T has opened three (3) branches in Niagara Falls, New York in the last ten years; one in the City of Tonawanda; one at Transitown Plaza, Clarence; and South Gate Plaza, Ebenezer, N.Y.

Marine Trust Company of Western New York has opened branches at Parkview Plaza, 1959 - 1960; Northtown Plaza, 1955; Walden Avenue, 1956; and about 1950-1951 at the Sheridan Plaza.

He expressed the opinion that the proposed merger, if consummated, will have no effect on the growth of the Bank of Buffalo, and might enhance the growth by creating a condition where more favorable consideration would be given to expansion plans. Due to its size, the Bank of Buffalo is precluded from considering large deals which M and T can now handle, hence, no change.

He stated if the merger is consummated, his bank would not plan to merge as he feels competition will still be local.

He advised his bank's competitive position has improved and has grown from 12 million in 1950 to a present 42 million, doubling in the period 1955 to present. M and T, in 1950, was about 325 million; by 1955 was about 400 million; and is now 500 million.

He stated he knew of no competition between the proposed "affiliate" banks as each operation is local in nature.

He advised his bank competes locally only, drawing 50% of business from Metropolitan Buffalo, and an additional 25% from Niagara and Erie Counties.

He stated that he estimated M and T obtains 50% of its business from Metropolitan Buffalo and an additional 10% from Erie County and Niagara County.

He stated he knew of no additional information relevant to this matter and had previously gone on record as favoring the proposed merger.

60- [illegible]

11-29-61

Airtel

To: SACs, Buffalo (60-297)
New York (60-1399)

From: Director, FBI (60-5733)

MORGAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
ANTITRUST

OO: New York

Rerep SAA Leon L. Robinson dated 11-22-61 at Buffalo.

Buairtel 10-10-61 directed immediate and continuous attention and completion of investigation of this matter at an early date.

Rerep does not include among leads investigation be conducted at First National Bank, Batavia. Attention of Buffalo also is invited to lead at Arcade, New York, set out in report of SAA Eugene R. Noble dated 11-9-61 at New York.

New York and Buffalo immediately afford this matter daily attention to conclude requested investigation at earliest possible date. Buffalo Office is to note that the imminent absence of the President, State Bank of Kenmore, has been known since 11-17-61.

New York and Buffalo, by return airtels, advise dates reports of completed investigation will reach Bureau.

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EX-108

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Rev. 12-13-56)

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Date: 12/1/61

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ia AIRTEL ______________________________
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (60-5733)

FROM: SAC, NEW YORK (60-1399)

SUBJECT: MORGAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF
NEW YORK
ANTITRUST

(OO:NY)

ReBuairtel, 11/29/61.

Report will reach Bureau 12/6/61.

③-Bureau (60-5733)
1-New York (60-1399)

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60-5733-

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Approved: ______________________ Sent __________M Per ______________
Special Agent in Charge

58 DEC 5 1961

36 (Rev. 12-13-56)

FBI

Date 11/30/61

ransmit the following in
(Type in plain text or code)

ia AIRTEL AIR MAIL
(Priority or Method of Mailing)

TO : DIRECTOR, FBI (60-5733)

FROM: SAC, BUFFALO (60-297)

MORGAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
ANTITRUST
(OO: New York)

Rebuairtel to Buffalo and New York, 11/29/61, and report of SA (A) LEON L. ROBINSON, dated 11/22/61, at Buffalo.

Rerep did not reset the lead for investigation at Batavia, N. Y., through an oversight and lead for investigation at Arcade, N. Y., was not reset as it was set out in report of SA (A) EUGENE R. NOBLE, dated 11/9/61, at New York.

The President of the State Bank of Kenmore has been interviewed and other investigation required is underway. It is expected a reporting setting forth completed investigation will be submitted on or before 12/7/61.

REC- 45

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3 - Bureau (AM)
1 - New York (60-1399) (Info) (AM)
1 - Buffalo
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Approved: ______________ Sent ______________ M Per ______________
Special Agent in Charge

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12-8-61

Airtel

To: SAC, Buffalo (60-297)

From: Director, FBI (60-5733)

MORGAN NEW YORK STATE CORPORATION; ET AL.
ANTITRUST
OO: NY

Re BU airtel 11-30-61.

Bureau records do not indicate receipt of report to have been submitted in accordance with reairtel. If submitted, advise by return airtel date of report and name of Agent. If report not submitted, afford matter immediate expeditious attention and advise reasons report not submitted.

1 - New York (60-1399) (for information)

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FD-263 (Rev. 5-1-59)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
BUFFALO	NEW YORK	12/7/61	11/24-12/6/61

TITLE OF CASE

MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST CO. OF NEW YORK

REPORT MADE BY: LEON L. ROBINSON (A)

TYPED BY: MMA

CHARACTER OF CASE

ANTI TRUST

REFERENCE Report of SA(A) EUGENE R. NOBLE, 11/9/61, at NEW YORK.
Report of SA(A) LEON L. ROBINSON, 11/22/61, at Buffalo.
Buffalo airtel to Bureau, dated 11/30/61.

- RUC -

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APPROVED: WMA

SPECIAL AGENT IN CHARGE

COPIES MADE:

2 - Bureau (60-5733) (Encls.9)

2 - New York (60-1399)

1 - Buffalo (60-297)

9 ENCLOSURE

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EX-108

DISSEMINATION RECORD OF ATTACHED REPORT

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U.S. GOVERNMENT PRINTING OFFICE 16-76324-1

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204 (Rev. 8-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of: LEON L. ROBINSON (A)
Office: BUFFALO, NEW YORK
Date: 12/7/61

Field Office File No.: 60-297
Bureau File No.: 60-5733

Title: MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Character: ANTI TRUST

Synopsis: Officials of State Bank of Kenmore, Kenmore, New York; Lincoln National Bank and Liberty Bank and Trust Co., both Buffalo, N.Y.; Canandaigua National Bank and Trust Co., Canandaigua, New York; National Bank of Geneva, Geneva, N.Y.; Security Trust Co. of Rochester and Central Trust Co. of Rochester, both Rochester, N.Y.; First National Bank of Batavia, Batavia, N.Y.; and Citizens Central Bank, Arcade, N.Y. interviewed. All persons interviewed agreed present needs of respective communities being adequately met now by existing commercial banks except representative of Liberty Bank and Trust Co., Buffalo, expressed opinion larger financing now handled by out of town banks, might be handled under proposed merger. Representatives advised anticipated future needs of communities could be met by existing financial institutions in absence of proposed Morgan New York State Corporation bank holding company, except for spokesman of Citizens Central Bank, Arcade, New York, who felt need for greater financing would result from climbing inflation. All representatives indicated Marine Midland Corp., a currently existing bank holding company, needed competition of another bank holding company, and that competition to above named banks would not increase as proposed affiliates in Morgan New York State Corp. or banks already larger than banks contacted and have lending potential in excess of banks contacted. Data regarding merged banks, trade areas, and new branches opened obtained.

-RUC-

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BU 60-207

ENCLOSURES TO BUREAU For transmittal to Anti Trust Division, Department of Justice.

1. Sheet depicting relative status of Marine Trust Company of Western New York, Manufacturers & Traders Trust Company, and Liberty Bank and Trust Company, 1946 to present.

2. List of banks merged with Manufacturers & Traders Trust Company, 1945 to the present.

3. List of banks merged with Marine Trust Company of Western New York, 1933 to the present.

4. Graph depicting total deposits 1947 to 1960 of Marine Trust Company of Western New York, Manufacturers & Traders Trust Co., and Liberty Bank and Trust Co., both before mergers and after mergers.

5. Graph depicting number of branches operated by Marine Trust Company of Western New York, Manufacturers & Traders Trust Co., and Liberty Bank and Trust Company, 1947 to 1960, both before and after mergers.

6. List showing mergers and branch offices of Central Trust Company, Rochester, New York.

7. List showing mergers and location of branch offices of Lincoln Rochester Trust Company, Rochester, New York.

8. List showing mergers and location of branch offices of Genesee Valley Union Trust Company, Rochester, New York.

9. List showing mergers and location of branch offices of Security Trust Company, Rochester, New York.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 12/6/61

ALBERT A. MC MULLEN, President, State Bank of Kenmore, Kenmore, N. Y., advised he resides at 39 Crosby Ave., Kenmore, N. Y. The address of the State Bank of Kenmore is 2858 Delaware Ave., Kenmore, N. Y.

He advised that the State Bank of Kenmore competes with the Manufacturers and Traders Trust Company Branch located in Kenmore, N. Y. He advised that this competition consists of competing for deposits, loans and other banking services except that the State Bank of Kenmore has no trust department and offers no investment counseling. Regarding the latter, the advised that should a customer request such services, investment counseling is available through the bank's stock broker. He further defined the competition with respect to competing for loans as being in the category of that in which the State Bank of Kenmore could make such loans, pointing out that the maximum loan possible consisted of 10% of the bank's capital and surplus while the Manufacturers and Traders Trust Company Branch could offer a loan in the amount of 10% of the main bank's capital and surplus. He pointed out that this alone precluded the State Bank of Kenmore from being truly competitive in that it could not make large loans which the Manufacturers and Traders Trust Company could handle due to its size.

He stated that the correspondent banks of the State Bank of Kenmore were in the order of the size account maintained, the Morgan Guaranty Trust Company, New York City, first, with the First National City Bank and the Chemical Bank, New York Trust Company, each sharing second place. He stated that the bank also has the Federal Reserve Bank of New York through its Buffalo Branch as a correspondent and maintains an account and has maintained said account at the Marine Trust Company of Western New York since its inception.

He advised he did not know the identity of the Manufacturers and Traders Trust Company correspondent banks in New York City or elsewhere, but assumed that they would maintain correspondent accounts at the major New York City banks.

He stated that the State Bank of Kenmore has never participated in a loan with the Manufacturers and Traders Trust

On 11/24/61 at Kenmore, N. Y. File # BU 60-297

by ~~SA (A) LEON L. ROBINSON/gpp~~ Date dictated 11/30/61

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Company and does not contemplate such.

He advised that in his opinion the present banking needs of the community, including the needs of small business, large business, individuals and corporations are being adequately met by the existing banks but would not expand upon this opinion. He stated that he felt that the normal banking needs of the community could continue to be met by the existing financial institutions in the community in the future, specifically two years in the future, five years in the future, or ten years in the future. Again, he declined to furnish details on which his opinion was based.

He stated that there has been an increase in the concentration of commercial banking under one management in the community and specifically mentioned that in 1945 the Manufacturers and Traders Trust Company merged with the First National Bank of Kenmore, operating the premises of the latter as a branch of the Manufacturers and Traders Trust Company. He advised further that in the surrounding town area branches of the Marine Trust Company of Western New York, the Bank of Buffalo and Liberty Bank and Trust Company are in operation. He stated that no new banks as such have commenced since 1950 and that no banks have gone out of business due to failures or insolvency as the former banks have ceased to exist due to mergers with other banks.

He stated that he did not feel his bank's competitive position would be weakened if the Morgan Guaranty Holding Company plan is consummated and that his bank's growth would not be diminished. He stated the reverse might be true in that some customers would prefer to deal with a bank where they felt they received personal attention as opposed to dealing with a bank which was acknowledged to be a part of a New York City combine.

He stated that if the Morgan New York State Corporation is approved as a bank holding company, it will not result in his feeling the need for his bank to merge or consolidate with other banks and pointed out that the independent bank still has a place in the community in rendering service to those individua who want to deal with a locally owned and operated financial institution.

He stated that he feels his bank's competitive positi with respect to the branch of the Manufacturers and Traders Tru Company operating in his locale has improved since many accoun had come to his bank because the depositors felt they wanted to receive the personal attention. He commented that in the overall picture, the savings accounts have decreased in the last ten-year period due to the loss to savings banks and savings and loan institutions, both of which pay a higher rate of interest on savings accounts than his bank can.

He stated he could offer no opinion regarding the competitive status of the branch of the Manufacturers and Traders Trust Company inasmuch as no statements are published for the various branches, their transactions and status being incorporated in one overall financial statement for the home office.

He stated he does not feel that the proposed affiliate banks to become a part of the Morgan New York State Corporation compete one with the other due to the fact each operates in its own geographical locale.

He stated the competition offered by his bank to the branch of the Manufacturers and Traders Trust Company is local in nature, consisting of the Village of Kenmore and the immediate adjoining town areas. He estimated that 75% of his deposits and loan business originates within the Village of Kenmore and the adjoining town areas.

He estimated that 50% of the deposits and loans originate within the Village of Kenmore. He stated that the business of the branch of the Manufacturers and Traders Trust Company with which his bank is in competition also originates in a like geographical area.

He summarized his feelings by stating that in 1932 there were 23 independent banks existing in Erie County and that today there are five independent banks in Erie County. He stated he felt there was a definite trend toward statewide banking as is evidenced by the Marine Midland Corporation and that the Morgan New York State Corporation, as proposed, would offer competition to the Marine Midland banks and such competition would be between the larger banks, thus enabling the smaller banks to compete for that business of lesser volume but which business would be adequate to retain the smaller banks in operation.

He stated that the trend toward statewide banking may in part be due to the automation necessary to handle the tremendous volume of check items and that the capital outlay to equip a bank for such automation precludes a small bank from such equipment.

He stated that he is scheduled to appear as an independent banker before the hearing for the Federal Reserve System at which time he intends to state that he has no objection to the proposed bank holding company and foresees no undue competition for his bank.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGAT N

Date 12/6/61

HOWARD H. F. KLAIBER, President, Lincoln National Bank, 904 Broadway at Strauss St., Buffalo, N. Y., advised he resides at 206 Crescent Ave., Buffalo, N. Y. He stated he has been President of the Lincoln National Bank since 1928 and that said bank competes with a branch of the Manufacturers and Traders Trust Company located in the immediate vicinity as well some indirect competition with the other commercial banks in the City of Buffalo. He stated the Lincoln National Bank does not have a trust department and due to its size is limited to granting a maximum loan of $60,000 but that larger loans are handled through participation with other banks.

He advised that the correspondent banks for his bank are the Marine Trust Company and the Manufacturers and Traders Trust Company, located in Buffalo, N. Y., the Federal Reserve Bank of New York, Buffalo Branch, and the Chase Manhattan, Chemical New York Trust and Manufacturers Hanover Banks, all located in New York City. He stated he was not aware of the identity of the Manufacturers and Traders Trust Company correspondent banks in New York City, but assumed that they maintained correspondent accounts with most of the larger banks in New York City.

He advised that the Lincoln National Bank has participated in loans with the Manufacturers and Traders Trust Company in those instances wherein the individual loan exceeded the legal limit which could be granted by the Lincoln National Bank and that generally participation of another bank is at the request of the customer involved. He stated that in the last five years a volume of approximately $200,000 in loans has been that portion which the Lincoln National Bank participated with the Manufacturers and Traders Trust Company and that currently, a $40,000 participation loan is in the planning stages.

He stated that it is his personal opinion that the banking needs of the community of Greater Buffalo are not being adequately served inasmuch as Buffalo is a branch city for industry and manufacturing firms and that the banking institutions now located in Buffalo are not able to adequately handle such firms' financing due to the dollar volume involved. He explained this by stating that Bethlehem Steel, Republic Steel and Ford Motor Company all have plants in the Buffalo area as does

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On 12/1/61 at Buffalo, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/5/61

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General Motors Corporation and that financing of loans for those firms is generally handled in other cities due to the inability of thelending institutions in Buffalo to handle the size loan required. He stated he felt this situation would prevail in the future in the absence of some vehicle by which such financing could be accomplished. He stated he felt the Morgan New York State Corporation as a holding company would be a vehicle which would enable this financing to be effected.

He stated there has been a trend toward concentration of commercial banking under a limited number of managements and pointed out that the Marine Trust Company of Western New York has brought into its system many previously independent banks which banks are now operated as branches of the Marine Trust Company of Western New York. He also pointed out that the Manufacturers and Traders Trust Company has also acquired previously independent banks and now operates said premises as branches of the Manufacturers and Traders Trust Company. He advised he could not offer the identities of the various banks so acquired and merged with the Marine Trust Company of Western New York and the Manufacturers and Traders Trust Company, but stated that no new banks have commenced since 1928 and that no bank has gone out of business due to insolvency or failure, the only manner in which previously existing banks have come to no longer exist being through mergers with [illegible] of the aforementioned banks or the Liberty Bank and Trust Company.

He stated no new branch offices of banks have been established in his immediate vicinity since 1950, but that various branches have been established in the Greater Buffalo area. He stated he could not identify these by name inasmuch as he did not feel they were in effect competing with the operation of the Lincoln National Bank.

He stated he anticipated no adverse effect on the operation and growth of his bank resulting from the Morgan New York State Corporation inasmuch as his bank is already precluded from competition with the Manufacturers and Traders Trust Company due to the difference in size of the two banks. He stated that he did not anticipate the loss of any accounts and on the contrary anticipated that possibly due to the desire of individuals to receive personal treatment in a locally owned bank he might receive some of the accounts which are now maintained at the Manufacturers and Traders Trust Company. He stated that there was a possible advantage which would be vested in the

Manufacturers and Traders Trust Company through their being able to advertise their affiliation with banks in other areas of the state and the possibility that through this advertising as being a part of the largest banking holding company, certain larger accounts might become vested with the Manufacturers and Traders Trust Company.

He stated the proposed merger would in no manner cause him to feel the need to merge with other banks. He stated he felt his customers desired the services now offered by his bank and would continue to do so in the future.

He advised that in his opinion the growth of his bank has continued at approximately the same rate as has other banks in the area. He stated this was also applicable to the Manufactuers and Traders Trust Company insofar as he was aware of their operations.

He stated he could venture no opinion regarding the competitive situation existing between the proposed affiliate banks in the Morgan New York State Corporation inasmuch as he has no personal knowledge regarding their overall operations, but he would assume that due to their geographical location there is relatively little competition existing between said banks.

He stated that the competition offered by the Lincoln National Bank consists of competition in the immediate area only and estimated that 75% of his deposits and loans originate within a three mile radius of the bank and that 50% of said business originates within a one mile radius of the bank.

He stated that the trade area of Manufacturers and Traders Trust Company consists of Greater Buffalo and several counties in Western New York and that he would assume that they compete with other commercial banks in that area. He stated competition on a state level might exist through their participation with other banks in loans but that such competition would be relatively slight in his opinion. He estimated that the Manufacturers and Traders Trust Company draws 50% of its deposits and loans from Buffalo and the adjoining towns and that 75% of deposits and lending business would originate in Erie County.

He stated that in conclusion he could be guided by the experience he had had with the Marine Trust Company of Western New York, a member of the Marine Midland Corporation, and stated that he had not felt any adverse effect or unfair competition from said bank and that he anticipated none from the proposed merger of the several banks into Morgan New York State Corporation.

FD-302 (Rev.

FEDERAL BUREAU OF INVESTIGAT N

Date 12/6/61

Mr. E. PERRY SPINK, President, Liberty Bank and Trust Company, Main and Court Sts., Buffalo, N. Y., advised he resides at Orchard Park, N. Y.

He stated that the Liberty Bank and Trust Company competes in all respects with the Manufacturers and Traders Trust Company within the limitations established by the legal loan limit. In explanation of this, he pointed out that the maximum individual loan possible consists of 10% of the capital plus surplus, which in the case of Liberty Bank and Trust Company is $220,000 loan limit as opposed to a $500,000 loan limit by the Manufacturers and Traders Trust Company.

With respect to the competition with Manufacturers and Traders Trust Company, he pointed out that approximately five years ago a new concept was adopted by the directors of the Liberty Bank and Trust Company and thereafter said bank commenced establishing branches in various areas in the immediate proximity of Buffalo, N. Y. He stated this resulted from the realization that in order to be competitive and in order to go forward, it was necessary to branch out and that in furtherance of this, approval has been granted for a branch bank located on the Niagara Falls Boulevard outside the city limits of the City of Buffalo.

In the immediate vicinity of the proposed location of the branch of the Liberty Bank and Trust Company, a proposed shopping plaza has been approved and the financing of the construction of said plaza is being handled by the Manufacturers and Traders Trust Company. A specific area in the plaza is reserved for bank premises and in the publicity issued regarding the proposed plaza, photograph appeared bearing the name of Manufacturers and Traders Trust Company as having a branch located in the plaza. He pointed out that this was somewhat premature inasmuch as no application had been submitted to the state banking authorities and that when this was called to the attention of the Manufacturers and Traders Trust Company, they had had the sign painted over, thereby eliminating the erroneous advertising of a branch of the Manufacturers and Traders Trust Company.

On 12/1/61 at Buffalo, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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He advised that the Liberty Bank and Trust Company maintains correspondent bank accounts in order with the Chase Manhattan Bank, the Chemical Bank, Manufacturers Trust and the National City Bank, all located in New York City, and also with the Morgan Guaranty Trust Company. He stated he was not specifically aware of the correspondent banks of the Manufacturers and Traders Trust Company, but that he believes their primary correspondent in New York City is the Manufacturers Hanover.

He advised that his bank has participated in loans with the Marine Trust Company of Western New York and the Manufacturers and Traders Trust Company in matters involving community interest and specifically mentioned a loan to the University of Buffalo in which the principal bank was the Marine Trust Company of Western New York and the Manufacturers and Traders Trust Company and Liberty Bank and Trust Company were participating in the loan with the Marine Trust Company of Western New York.

He declined to identify by dollar amount the volume of this participation and stated that no actual industrial loan or loans to individuals had been participated in by Liberty Bank and Trust Company with the Manufacturers and Traders Trust Company.

He stated that it is his opinion that the banking needs of the Buffalo community are being adequately met by the existing financial institutions and that there is no real need for a bank merger involving the Manufacturers and Traders Trust Company.

He stated that in projecting the adequacy of the financial institutions existent today he could be guided only by the past and that to his knowledge in the last ten years it had not been necessary for any borrower to go outside Buffalo to obtain funds. He stated he knew of no proposed activity in the Buffalo community which would conceivably entail borrowing in such quantities that it could not be adequately handled by existing financial institutions.

He stated there has definitely been a trend towards concentration of commercial banking under single management in recent years and that approximately five years ago, Liberty Bank and Trust Company had been approached by the Manufacturers and

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Traders Trust Company with a view toward being merged with Manufacturers and Traders Trust Company. He stated this proposal was rejected and in lieu of that, an aggressive, forward-seeking program had been instituted which had resulted in substantial growth of Liberty Bank and Trust Company. He furnished charts indicating the growth of Marine Trust Company of Western New York, Manufacturers and Traders Trust Company, and Liberty Bank and Trust Company during the period 1947 to 1960 in total deposits and number of offices. Each chart shows the bank as it existed before the merger and after the merger with the respective positions being charted accordingly.

He also furnished photostatic copies of lists of those banks which have merged with the Manufacturers and Traders Trust Company and with the Marine Trust Company of Western New York as well as a study made regarding the relative standing of the three firms in 1946 and 1960, indicating the increases and decreases in their relative standings.

He stated no new commercial banks had commenced since 1950 and that no commercial banks had ceased to exist other than through mergers with other banks during the same period. He advised that a number of branch offices have been established by the Marine Trust Company of Western New York, Manufacturers and Traders Trust Company and Liberty Bank and Trust Company, but that he did not have the details regarding the locations of said branches and stated that only two branches have been established by his bank in that period.

With respect to the relative standing in competition of his bank with the Manufacturers and Traders Trust Company in the event the proposed bank merger is effected, he stated he felt his opinion would be biased and that due to this he would offer nothing concrete other than to state that he is aware there have been overtures through the placing of an individual on the Board of Directors of the Manufacturers and Traders Trust Company who is also the Director of some industry or manufacturing firm and through said Director attempting to draw the account of the industry with which he is affiliated. He pointed out a specific instance in the Grange League Federation (GLF) at Ithaca, N. Y., whose Manager or one of the Directors of said firm is also a Director of the Manufacturers and Traders Trust Company. The account for GLF is currently maintained at Liberty Bank and Trust Company and it was indicated that

that overtures had been made through the Director from Manufacturers and Traders Trust Company to have the account moved to Manufacturers and Traders Trust Company from Liberty Bank and Trust Company.

He stated that in the event the proposed merger is effected he believes the only way to remain competitive is to have the same basis for competing and that within five years he believes his bank will find it necessary to merge with other banks in order to effectively compete. He stated this could be accomplished in two years or less if the authorities would grant approval to it, but that it would entail merging with smaller banks inasmuch as the Morgan Guaranty merger has already taken the larger banks in the respective communities with the exception of Albany.

He stated that he believed his bank's competitive status had worsened during the period 1950 to 1955, had levelled off and remained static during the period 1955 to 1957 and since 1958 had improved. He attributed this situation to the attitude of the management of Liberty Bank and Trust Comp which had adopted an aggressive approach to become competitive with other banks in the area in approximately 1957. He stated he could offer no opinion regarding the competitive situation as concerned the Manufacturers and Traders Trust Company.

He advised that insofar as he knows there is no actual competition between the proposed affiliates with the merger now pending in that each operates in a different geograph area and its activities are fairly well defined within the geographical area in which each is located.

He stated that the competition offered by Liberty Bank and Trust Company is almost wholly in Greater Buffalo and estimated that 75% to 90% of the bank's deposits and lending business originates within the City of Buffalo. Regarding the Manufacturers and Traders Trust Company, he estimated that 75% of that bank's deposits and loans originated within Metropolitan Buffalo and that 50% of said business originates within the City of Buffalo.

In conclusion, he stated that as concerned Rochester, N. Y., where the Lincoln Rochester Trust Company is the propo affiliate in the bank holding company, that the commercial banks in the City of Rochester represent 900 million dollars and that the Lincoln Rochester Trust Company in Rochester represents 400 million of that total. He stated that this would lead him to believe that the Lincoln Rochester Trust Company is not in serious need of establishing itself as an affiliate in the proposed holding company since it already enjoys the envious position of being the largest commercial bank in Rochester, N. Y.

He commented that he had been approached by representatives of the Manufacturers and Traders Trust Company to prepare a letter expressing his views either in opposition to or in favor of the proposed merger which the Manufacturers and Traders Trust Company would be an affiliate and that he had done so. He stated he was very deliberate in the wording of his letter which went to the Chairman of the Board of Directors of the Manufacturers and Traders Trust Company and that he had stated that he believed there was a place for a well-conceived plan in which a holding company would hold together banks located in different geographical areas across the State of New York. He stated the key words were "well-conceived" and pointed out that the proposed merger in which the Morgan Guaranty Trust Company is the anchor bank in New York City has as its proposed affiliates with one exception, namely Albany, N. Y., the largest existing independent bank in each city wherein an affiliate is located. He stated that he felt this "taking the cream of the crop" could not help but have an ill or adverse effect in that the remaining banks, being small in size, could not form a holding company which would represent the concentration of funds that the proposed Morgan Guaranty Trust Company holding company has.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGAT N

Date 12/6/61

ARTHUR S. HAMLIN, President and Trust Officer, Canandaigua National Bank and Trust Company, 72 South Main St., Canandaigua, N. Y., advised he resides at 29 Gibson St., Canandaigua, N. Y.

He stated he had followed the proposed formation of the Morgan New York State Corporation consisting of the Morgan Guaranty Trust Company, New York City, and several additional state banks. He advised the proposed affiliate in the holding company with which his bank was in competition was the Lincoln Rochester Trust Company, Rochester, N. Y., which operates a branch bank in Canandaigua, N. Y. He advised that his bank is in competition with the Canandaigua Branch of the Lincoln Rochester Trust Company in all respects; however, the size alone creates a situation wherein his bank, whose maximum loan limit is $120,000, is not sufficient to meet the maximum loan level possible by the branch office of the Lincoln Rochester Trust Company.

He identified his correspondent banks as being the Chase Manhattan and Irving Trust Company, both New York City, and the Security Trust Company, Rochester, N. Y. He stated he was not aware of the identity of the correspondent banks of the Lincoln Rochester Trust Company.

He stated that his bank has participated in loans with the Canandaigua Branch of the Lincoln Rochester Trust Company, and identified the loans as being loans to the Young Men's Christian Association and the Canandaigua Country Club. The dollar volume of the participation in the Young Men's Christian Association was $75,000 and it was agreed that the loan was secured by pledges and the amounts loaned by each bank were to be kept equal. The amount of participation in the Canandaigua Country Club was $7500 and again was secured by pledges with the agreement that the dollar amount taken by each bank would remain equal. He stated this participation was accepted as it was a matter of community interest but that no commercial or industrial lending had been participated in with the Lincoln Rochester Trust Company.

He stated it was his opinion that the current banking needs of the community are being met by the existing commercial

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On 12/4/61 at Canandaigua, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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banks and stated that the community area is such that there is no great demand for sizable loans.

He stated that a projection of the requirements to be met by commercial banks in the community convinced him that the existing commercial banks, experiencing a normal growth during the period, could meet any demand that would be made for commercial banks in the future at any time within two years, five years or ten years and that he foresees no change in the demands of commercial banks in that area.

He stated that the independent banks have gradually disappeared by merging with either the Lincoln Rochester Trust Company or the Security Trust Company, both having home offices in Rochester, N. Y. He stated the only other existing independent banks in the county are located one in Clifton Springs, N. Y., and one in Holcomb, N. Y. He advised that in 1948 the Ontario County Trust Company had been merged with the Lincoln Rochester Trust Company, and in approximately 1956, the State Bank of Shortsville at Shortsville, N. Y., six miles northeast of Canandaigua, N. Y., had been merged with the Security Trust Company, Rochester, N. Y. He stated that in 1956 the Phelps National Bank, Phelps, N. Y., approximately 15 miles northeast of Canandaigua, N. Y., merged with the Security Trust Company of Rochester, N. Y. In about 1953, the Security Trust Company of Rochester, N. Y., had acquired the Hiram Maxfield State Bank at Naples, N. Y., and in 1952 the Security Trust Company of Rochester, N. Y., had acquired the Rushville State Bank. He stated that in 1958 both independent banks in Penn Yan, N. Y., a distance of approximately 20 miles from Canandaigua, N. Y., had been acquired by banks in Rochester. The Baldwins Bank of Penn Yan was acquired by the Security Trust Company of Rochester, N. Y., and the Citizens Bank of Penn Yan was acquired by the Lincoln Rochester Trust Company, Rochester, N. Y. He stated no new commercial banks have commenced in the area since 1950 and no banks existing as of 1950 have ceased business other than through having merged with other banks.

He stated the only new branch which has been established in that general area was a branch of the National Bank of Geneva, opened in a plaza area approximately four years ago.

He stated were the proposed Morgan New York State Corporation to consummate its bank holding company, he did not anticipate any change in the competition experienced by his bank as he has effectively competed with the Lincoln Rochester Trust Company Branch in Canandaigua and that the area surrounding Canandaigua, N. Y., is basically a community service area rather than a wide trade area.

He advised that the consummation of the proposed bank holding company would in no way create or accelerate the need for his bank to merge with other banks or form a holding company.

Regarding the competitive position of his bank, he stated that he felt said position today was equal or better with respect to checking accounts and was improved regarding savings accounts inasmuch as a change of policy and increased interest rate had been placed in effect as pertained to savings accounts. He stated that although the branch office of the Lincoln Rochester Trust Company does not furnish a published statement, that he was of the opinion that his bank had improved its condition over the branch of the Lincoln Rochester Trust Company and based this conclusion on the fact that he had obtained some of the savings accounts which had previously been on deposit at the branch of the Lincoln Rochester Trust Company.

He stated he did not feel that the proposed affiliate banks do in fact compete one with the other other than in a very minor extent as each of the proposed affiliates operate in a geographical area which differs from the other affiliates.

He stated the competition offered by his bank to the Lincoln Rochester Trust Company and its Canandaigua Branch is basically in the City of Canandaigua and in the Western half of Ontario County. He stated no business is obtained any distance from Canandaigua and estimated that 50% of the bank's deposits and loan business arises in the City and Town of Canandaigua, and 75% of the business would arise in the City and Town of Canandaigua and the Western half of Ontario County.

He stated that he felt the Lincoln Rochester Trust Company competed in the City of Canandaigua, Ontario County and in the State Banking District, and as pertained to the Canandaigua Branch of the Lincoln Rochester Trust Company, he would estimate that 50% of the deposits and loan business originated within the City and Town of Canandaigua and 75% of said business would originate in the City and Town of Canandaigua and the Western half of Ontario County. As pertains to the home office of the Lincoln Rochester Trust Company, he estimated that the bulk of deposits and loan business at the main office would originate in the City of Rochester and the adjoining counties.

In summing up, he stated he could offer no additional relevant information other than to state he could foresee no increased competition but as a small town banker, he is definitely against the trend for greater concentration of funds under one management or through affiliated institutions.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGA N

Date 12/6/61

VERNON ALEXANDER, President, National Bank of Geneva, 2 Seneca St., Geneva, N Y., advised he resides at 674 Castle St., Geneva, N. Y.

He stated he has been affiliated with the above bank for a continuing period of years and that the above commercial bank has existed since 1817.

He stated he was aware of the proposed bank holding company to be known as the Morgan New York State Corporation and that one of the proposed affiliate banks, the Lincoln Rochester Trust Company of Rochester, N. Y., operates a bank branch in Geneva, N. Y. He stated that his bank competes with the Geneva Branch of the Lincoln Rochester Trust Company except that the National Bank of Geneva does not have a trust department.

He identified his correspondent banks as being the Chase Manhattan Bank, Manufacturers Trust Company and Chemical Bank, New York Trust Company, all located in New York City, and the Federal Reserve Bank of New York, Buffalo Branch. He stated he was not aware of the identity of the correspondent banks of the Lincoln Rochester Trust Company.

He stated that his bank has participated in loans with the Geneva Trust Office of the Lincoln Rochester Trust Company; however, the participation was on a 50-50 basis during 1961 in a $50,000 total loan to the Geneva Country Club and was accepted inasmuch as the Geneva Country Club was of community interest. He stated that his bank has participated with other banks, specifically, the correspondent banks in New York City in those loans wherein the amount desired exceeded the maximum of $75,000, which is the legal limit to be loaned by the National Bank of Geneva.

He stated that in his opinion the banking needs of the community are being met by the existing commercial banks as both his bank and the Geneva Trust Office of the Lincoln Rochester Trust Company are busy but that no demands are being made that cannot be met by the banks. He stated that the general trade area is the City of Geneva and an area 15 miles radius surrounding Geneva, which area is not highly industrialized and

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On 12/4/61 at Geneva, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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therefore, the need for substantial commercial lending operations are at a minimum.

He stated he felt the future needs of the community as pertained commercial banks could be met by the existing banks as exist today with their normal growth and pointed out that the general economy has been strong and his bank has experienced a 40% growth in the last five years.

He stated there has been a gradual concentration of commercial banking in the area and pointed out that within the past approximate ten years the Security Trust Company of Rochester, New York, has acquired banks at Shortsville, N. Y., Phelps, N. Y., Rushville, N. Y., Naples, N. Y., and Penn Yan, N. Y., and that the Lincoln Rochester Trust Company had also obtained a bank at Penn Yan, N. Y. He advised that no new banks have commenced during the past ten years, nor have any banks existing ten years ago gone out of business other than through merging with other banks.

He advised no new branch banks have been established in the area other than a branch of the National Bank of Geneva which was established at the Town and Country Plaza, February 1, 1956.

He stated that he anticipates no change in competition from the Lincoln Rochester Trust Company in the event the proposed bank holding company plan is consummated and pointed out that the apparent advantage would be the ability for the Lincoln Rochester Trust Company to grant a larger single loan and that the Lincoln Rochester Trust Company already enjoys that advantage.

He stated the consummation of the proposed bank holding company would not create the need or demand for his bank to enter into a merger or bank holding company and stated his bank has coped with competition thus far and he believes the services offered will continue to justify its existence as an independent bank.

He stated that the relative competitive position of his bank has improved throughout the last ten years and that he felt the competitive position of the bank now operated as the Geneva Trust Office of the Lincoln Rochester Trust Company had lessened and that this factor had contributed to the merging of that bank into the Lincoln Rochester Trust Company.

He stated in his opinion the proposed affiliate banks compete very little inasmuch as they are located in different geographical areas; however, it is possible that they may compete on a regional basis with large accounts.

He estimated that 50% of the deposits and loan business of his bank arises in the City of Geneva and that 75% of said business would also arise in the City of Geneva. He stated in his opinion the like business of the branch of the Lincoln Rochester Trust Company would also arise in the City of Geneva.

In conclusion, he stated it was his opinion that the proposed holding company is a further step in the trend which has been going on for some years toward greater concentration of commercial banking and the affiliation of banks on a statewide basis.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 12/6/61

WALLACE ELY, President, Security Trust Company, 103 East Main St., Rochester, N Y., advised he resides at 255 Sandringham Road, Rochester, N. Y.

He advised he is well aware of the proposed bank holding company to be known as Morgan New York State Corporation which is to include as an affiliate the Lincoln Rochester Trust Company. He stated that his bank, the Security Trust Company, competes in all phases with the Lincoln Rochester Trust Company, and although its maximum loan limit is smaller than that of the Lincoln Rochester bank, he has had no difficulty in obtaining participation in those loans which are in excess of the one and one-half million dollar legal loan limit of Security Trust Company. He pointed out that the Lincoln Rochester Trust Company has a loan limit of $3 million which normally would give it an advantage; however, through participation with correspondent banks, the Security Trust Company has been able to cope effectively with this situation.

He advised that his bank maintains correspondent accounts with every bank in New York City, except the Morgan Guaranty Trust Company, and that in the past he had maintained correspondent account at that bank, but upon learning of the proposed bank holding company headed by Morgan Guaranty Trust Company, he had closed out that account on the basis that he could not see the benefit accruing to him of permitting Morgan Guaranty Trust Company to utilize several million dollars to aid his competition. He stated he was not specifically aware of the correspondent banks of the Lincoln Rochester Trust Company in New York City, but he seemed to recall that the Bankers Trust Company was their primary correspondent, but that they most likely maintain correspondent accounts at almost all other banks and specifically including Morgan Guaranty Trust Company.

He advised that his bank has participated in loans with the Lincoln Rochester Trust Company to the extent of the directions issued by the customer seeking the loan. He identified the firms as being General Dynamics Corporation in which the Chase Manhattan Bank in New York City is also a participant, the Rochester Telephone Company, the Rochester Gas and Electric Company and Bausch and Lomb. He advised that the Lincoln Rochester Trust Company is the agent bank in the Bausch

On 12/5/61 at Rochester, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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and Lomb loan and that the aggregate total of participation in loans with the Lincoln Rochester Trust Company is approximately $6 to 8 million.

He stated that it was his considered opinion that the banking needs of the community were being adequately met by the existing commercial banking institutions and that in those instances wherein the loan exceeded the legal loan limit of the banks located in Rochester, the additional coverage was available through their correspondent banks located in other cities and had been available in the past and he foresaw no change. He indicated that for 100 years his bank has been successful in meeting the competition offered by other banks in the Rochester, N. Y., area and he does not foresee any change, nor does he foresee any change in the economy of the area which would necessitate additional financing by commercial banks which would normally not be available.

He stated there has been a gradual trend toward concentration of commercial banking facilities and pointed out that in the past there had been six commercial banks in the area of Rochester, N. Y., and that currently there are only four, namely the Genesee Valley Union Trust Company, a member of the Marine Midland Corporation, the Lincoln Rochester Trust Company, the Security Trust Company, and the Central Trust Company.

He stated that there have been no new banks begin business in the area since 1950 and there have been no failures; however, some have ceased to exist through merging.

He advised that there have been numerous branches established in the various plaza areas as well as branches now operated as branches which formerly were independent banks. He indicated that the benefits accruing to the bank merged with a larger bank are quite attractive from a financial standpoint to the bank officers and personnel and that he could not enumerate all of those branches which had been established.

He stated that in the event the proposed bank holding company is consummated he foresees no adverse effect or increased competition. He pdnted out that the capital and surplus structu of the affiliate banks will remain the same as it now is and tha these factors are the limitations regarding the maximum loan whi such a bank can make.

He stated that consummation of the proposed bank holding company will in no way create the desire nor necessity for his bank to merge with other banks or to form a holding company. He pointed out that the proposed bank holding company and those instrumental in its formation appear to be obsessed with the idea of "greatness" and that the true test of a banking institution is not its size but the ability and attitude of its personnel to serve the public. He stated that there is an element of human nature involved and that this factor may well work to the disadvantage of the proposed affiliates in the bank holding company in that some people do not desire to lose their identity in dealing with big business, but prefer to deal with a smaller bank where they receive personal attention.

He stated that he believed his bank's competitive position has improved vastly since 1950 in that his bank is the oldest still existing in Rochester as an independent bank and in its initial history catered to the carriage trade. He stated that in 1946 and 1947 a new philosophy came into being regarding banking and that this philosophy when placed into practice has created the greatest growth of any bank in the Rochester area. He stated that insofar as he was aware the competitive position of the Lincoln Rochester Trust Company is relatively the same today as it was in 1950 or in 1955.

He stated that it was his belief that the proposed affiliates do not compete one with the other inasmuch as they operate in different geographical areas which are fairly well defined and that their major business arises within the close proximity of their headquarters location.

He defined the trade area served by his bank as being the City of Rochester, Monroe County and the banking district embracing that area. He stated this competition is restricted to other banks located in the Rochester area with the exception that some New York City banks do send emissaries into the area attempting to make inroads and obtain accounts from those firms which do need a New York City bank. He estimated that 50% of his bank's deposits and loan business arises in the City of Rochester and that 75% of said business arises in Monroe County. He furnished an estimate that similarly the business of the Lincoln Rochester Trust Company was 50% and 75%, both being obtained within the City of Rochester only.

He knows of no other factors which might be pertinent to the proposed bank holding company plan but that he recognized the need for cooperation among independent banks in order to surmount the problem of automation and perhaps establish a jointly supported electronic records system. He stated that in furtherance of this belief he was acting as the spearhead of an organization desirous of establishing a regional type service which would be available on a fee basis or a contributory basis to the various independent banks within a service area which could be serviced by such a center.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 12/6/61

E. B. MILLIMAN, President, Central Trust Company, Rochester, N. Y., advised his bank's main office is located at 44 Exchange St. and he resides at 15 Briar Patch Road, Rochester, N. Y.

He stated he had followed the proposed bank holding company to be known as Morgan New York State Corporation and particularly so since one of the proposed affiliate banks, the Lincoln Rochester Trust Company, is located in Rochester, N. Y., and he is in competition with that bank. He stated this competition is on all levels and although the Lincoln Rochester Trust Company is substantially larger and can therefore grant a larger single loan, he has experienced no difficulty in obtaining participation by correspondent banks to handle the excess amounts which his bank is unable to handle.

He identified his correspondent banks as being in their respective order, Chase Manhattan Bank, Manufacturers Trust Company, Irving Trust Company, National City Bank of New York, Chemical Bank and the First National City Bank, all located in New York City. He advised that insofar as he knew the Lincoln Rochester Trust Company basically used the Bankers Trust Company and the Morgan Guaranty Trust Company as their primary correspondent banks in New York City.

He advised that his bank does participate in loans with the Lincoln Rochester Trust Company and identified three such loans as being a $10 million loan to the Mid-Town Plaza in which his bank has $1 million, the Lincoln Rochester Trust Company has $4 million, and $5 million placed with correspondent banks. A second account is the Rochester Iron and Metal Company in which his bank has loaned $400,000 and the Lincoln Rochester Trust Company has loaned $200,000. The third account, Curtis-Burns, is a $3 to 4 million transaction which is participated in 20% by the Central Trust Company, 40% by the Lincoln Rochester Trust Company, and the remaining 40% is handled by the Irving Trust Company, New York City. He advised that no difficulty is encountered in obtaining bank participation by other banks in large loans and that generally, the participation is placed with the bank as directed by the borrower.

On 12/5/61 at Rochester, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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He stated that it is his opinion that the banking needs of the community are being adequately met today by the existing commercial banks but that he does feel there should be another bank holding company to offer competition to the Marine Midland Corporation which operates substantially on a statewide basis. He stated that he felt the existing financial institutions could continue to meet the needs of the community adequately, but that he still felt the need for a bank holding company to be in competition with the Marine Midland Corporation. He stated that during the period 1950 to 1955 the Union Trust Company, a Marine Midland Corporation unit, merged with the Genesee Valley Trust Company to form the Genesee Valley Union Trust Company and that no major mergers had occurred in the City of Rochester since that time. He advised that there have been mergers with small outlying banks which operate as branches and furnished a photostatic copy of a list depicting the various banks which have merged with the four commercial banks in Rochester as well as the date thereof and also the identity and name as well as the date of the establishing of new branches. These lists are self-explanatory and are made available for submission with this information.

He stated that in the event the bank holding company plan is consummated, he does not feel that his bank's competitive position will be weakened and in fact feels that it will be strengthened, due to the desire of the home-owned businesses in the Rochester area to retain their identity in dealing with the bank and not desiring to become involved with bigness as such. He stated he felt there would be no advantage accruing to the Lincoln Rochester Trust Company as an affiliate in the Morgan New York State Corporation and that he did not feel any effect would be felt.

He stated that the consummation of the proposed bank holding plan would not directly result in a need to merge or form a bank holding company on the part of his own bank, but that he did believe that the trend is toward statewide banking and that this trend, plus other factors, may eventually bring about the need to merge.

He stated that during the period 1950 to the present he feels that the competitive position of his bank has improved and stated this was reflected in its rate of growth as well as its participation in various business ventures. He declined to furnish further details and furnished the estimate that the relative competitive position of the Lincoln Rochester Trust Company has remained the same throughout this like period.

He stated it was his opinion that the proposed affiliate banks in the bank holding company do compete to some extent on a statewide basis and possibly on a national basis with those firms having home offices located in their respective geographical areas. He stated that the strongest competition arises in the immediate city wherein each is located and, therefore, a maximum of 10% of their business would be from competition outside their immediate area.

He estimated that 75% of his bank's deposits and loan business originates within the City of Rochester and pointed out that there is only one branch located outside Monroe County. He estimated that likewise, 75% of the deposits and loan accounts for the Lincoln Rochester Trust Company would originate within the City of Rochester.

He advised that the need for automation of a records system is a pressing faster for the smaller banks and that he believes the time will come when several banks will share a completely automated records processing center.

He pointed out that in the cities of Binghamton and Utica, N. Y., the proposed affiliate banks under the bank holding company is the only currently existing independent bank in the cities named. He stated this leaving those cities with no completely independent bank would, in his opinion, result in lesser services to the residents in the immediate area due to the banks desires to extend their sphere of influence at the expense of local residents.

He also pointed out that all of the banks which are proposed as affiliates under the bank holding company are the larger banks in their respective areas with the exception of the City of Albany, N. Y. He stated that this would lead him to believe that the promoters of this proposed bank holding company are concerned with greatness as such rather than service inasmuch as it was unnecessary to take the larger banks as such in order to accomplish the desired purpose of affording a linked banking chain throughout the state.

FD-302 (Rev. 1-25-60)

FEDERAL BUREAU OF INVESTIGATION

Date 12/6/61

RICHARD KOGLE, Executive Vice President, First National Bank of Batavia, 100 Main St., Batavia, N. Y., advised he resides at 2 Saccio St., Batavia, N. Y.

He advised he is aware of and has been following the publicity regarding the proposed bank holding company to be known as the Morgan New York State Corporation and that his bank competes with a branch of the Manufacturers and Traders Trust Company located in the City of Batavia, N. Y. He advised that they offer the same services with the exception that his loan limitation is $70,000 per single loan, while the Manufacturers and Traders Trust Company branch can lend a substantially greater amount.

He identified his correspondent bank as being the Chase Manhattan Bank in New York City and further through the Federal Reserve Bank at New York, Buffalo Branch, Buffalo, N. Y. He stated he was not aware of the identity of the correspondent banks of the Manufacturers and Traders Trust Company.

He stated his bank has never participated in any loans with the Manufacturers and Traders Trust Company.

He stated that it was his opinion that the banking needs of the community are being adequately met by the existing commercial banks in the Batavia area; however, an independent bank, due to its small size, is not able to meet all of the demands of its customers and therefore, must seek participation from correspondent banks if they are agreeable to such participation. In the absence of the necessary participation, obviously the loan request is taken to a bank which can meet the limits desired.

He stated it was his further opinion that the existing commercial banks could continue to adequately meet the banking needs in the future, specifically, two years, five years and ten years hereafter.

He stated there has been a continuing concentration of commercial banking under one management and in substantiation of this cited the example of the State Bank of Corfu, Corfu, N. Y., which was acquired by the Manufacturers and Traders Trust

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On 12/5/61 at Batavia, N. Y. File # BU 60-297

by SA (A) LEON L. ROBINSON/gpp Date dictated 12/6/61

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Company in 1950 and is now operated as a branch; the Genesee Trust Company, Batavia, N. Y., acquired in 1956 by the Manufacturers and Traders Trust Company and now operated as a branch bank, and the State Bank of Oakfield, Oakfield, N. Y., acquired in 1961 by the Liberty Bank and Trust Company and now operated as a branch. He advised no new banks have commenced in the area since 1950 and no banks have closed other than through merging with other banks.

He advised that no new branches as such have been opened in the area since 1950.

He advised that his bank's competitive position will not necessarily be affected as a direct result of the consummation of the proposed bank holding company and cited that his bank's difficulty arises from the fact that 70% of the deposits are savings accounts and only 30% are commercial checking accounts. He stated the interest rate mandatory for interest to be paid on the savings accounts creates a critical situation for the smaller banks which have an imbalance between the two types accounts. He stated that in New York City the average ratio is 10% savings accounts and 90% commercial checking accounts and the City of Buffalo, N. Y., has a ratio of 25% savings accounts versus 75% commercial checking accounts.

He stated that the consummation of the proposed bank holding company would not result in the need to merge or consolidate his bank with other banks.

He stated his relative competitive position remained the same during the period 1950 to 1955, but that from 1955 to the present the competitive position has improved, primarily due to the pride of the community in a home-owned institution and that his bank has grown at the rate of $1 million per year since 1957.

He estimated that the position of the Manufacturers and Traders Trust Company Branch located in Batavia, N. Y., decreased in its relative competitive standing from 1955 to the present, but had remained the same during the period 1950 to 1955.

He stated it was his opinion that the proposed affiliate banks do not compete one with the other inasmuch as they are generally located in different banking districts in different geographical areas and that the competition afforded each arises within the geographical area in which they are located.

He stated that his bank competes with the branch of the Manufacturers and Traders Trust Company in the City of Batavia and in the immediately adjoining area of Genesee County.

He estimated that 50% of the deposits and loan accounts at his bank originate within the City of Batavia and that 75% of said accounts originate within the City of Batavia and five miles outside the city limits. He estimated that the same area would be encompassed by the relatives percent of the business of the branch of the Manufacturers and Traders Trust Company operating in Batavia.

He summed up the situation by advising that the area surrounding Batavia is an agricultural area with some small industry which undoubtedly will remain unchanged in the future. He stated he anticipated that undoubtedly he will lose some of the industrial accounts of branches whose home offices are located in other areas and whose home offices deal with the proposed affiliate in that city; however, he felt the pride of the public in dealing with a home-owned institution would cause certain depositors now having accounts at the Manufacturers and Traders Trust Company Branch to remove those accounts and place them with the First National Bank of Batavia. He estimated that these accounts would more than offset any accounts lost due to home office influence in other cities.

FD-302 (Rev. 1-25-6

FEDERAL BUREAU OF INVESTIGA[illegible]N

Date December 6, 1961

ANSON F. SHERMAN, President, The Citizens Central Bank, Arcade, New York, advised he resides at 158 Liberty St., Arcade, New York.

He stated he has followed closely the proposed merger of Morgan Guaranty Trust Co., New York City, and six other banks into the Morgan New York State Corporation as a bank holding firm. He stated that one of the six proposed affiliates is the Manufacturers & Traders Trust Company, Buffalo, New York, which bank has branches located in East Aurora, New York, and Springville, New York, both locations being within the trade area serviced by the Citizens Central Bank. He stated the Citizens Central Bank competes with the above two branches of the Manufacturers & Traders Trust Company (M & T) with the exception that the Citizens Central Bank has no trust department. He stated the trade area embrases an area of approximately twenty-five miles radius from Arcade, New York, which area is basically agricultural and small manufacturing firms which are home owned. He stated the size of the Citizens Central Bank prohibits an unsecured single loan in excess of $70,000, however, those manufacturing firms desiring loans in excess of the above amount have been serviced by obtaining participation by other banks. He stated that in one respect his bank could not compete with M & T in view of the size of M & T, enabling it to grant substantially larger loans.

He identified his correspondent banks as being M & T and Marine Trust Co. of Western New York in Buffalo, New York, and the First National City Bank of New York City. He said by virtue of his bank's being a member of the Federal Reserve System he also maintains an account with the Federal Reserve Bank of New York Branch at Buffalo, New York. He stated he was not certain of the identity of the correspondent bank of M & T, but believed said bank maintained accounts at the major New York City banks and he believed their primary correspondents were Chase Manhattan Bank and the First National City Bank of New York.

He advised that his bank is the originating bank on numerous mortgage loans in which his bank retains twenty-five percent participation and seventy-five percent participation is taken by M & T. He stated the current balance due M & T

On 12/6/61 at ARCADE, NEW YORK File # BU 60-297

by SA(A) LEON L. ROBINSON/mma Date dictated 12/6/61

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on these loans is $1,258,000. He pointed out that his bank has also originated mortgage loans in which the Liberty Bank and Tr[illegible], Buffalo, New York, has [illegible] amount and the amount currently [illegible] Company is $150,000. He [illegible] T had been the participating bank in mortgage loans until a time was reached when said bank indicated no additional funds were available for participation. At that time the Liberty Bank and Trust Company was approached to participate in the loans and this arrangement prevailed until such time as M & T was encouraged by one of its directors who was closely associated with a director of the Citizens Central Bank to again participate [illegible] loans [illegible] Central Bank.

[illegible] essed [illegible] opinion as being that the current ban[illegible] needs of the community are being adequately met by the existing financial institutions and stated that the Small Business Investment Company of New York, in which both the Citizens Central Bank and M & T participate, is a federal licensee under the Small Business Investment Act of 1958 for the purpose of providing [illegible]ancing to small business firms.

[illegible]ating that it was his opinion [illegible] two [illegible]rs, five years, or ten years, the exact t[illegible] foreseeable the presently existent financial instit[illegible] able to adequately meet the needs of the [illegible]. He stated this was based on the inflation prevaili[illegible] which is on the rise, and the increasing demand for [illegible]ing of equipment, capital fixtures, and expansion of [illegible]iness.

[illegible] need for additional funding through [illegible]king institutions he cited the/situation of his own bank which has a total in deposits of $13,000,000, but has outstanding loans totaling $9,400,000. He advised that si[illegible] percent of the total deposits are savings account [illegible] time deposits and the imbalance between savings accounts and deposits of commercial checking accounts makes it a situation wherein funds are not readily available.

Regarding any increase in the level of concentration of commercial banks and banking in the community, he stated that no new banks have commenced nor have any existing banks gone out of business since 1950 with the exception of these banks which have merged with other banks. He identified these banks as being the Springville State Bank, Springville, New York, which merged with the M & T in 1950 and is currently operated as a branch bank; the Springville National Bank, which merged with the Marine Trust Co. of Western New York in 1950, and is currently operated as a branch bank; the Erie County Trust Company, East Aurora, New York, which merged with the Liberty Bank and Trust Company in 1961, and now operated as a branch bank and the Rushford State Bank and Silver Springs National Bank located at Rushford, New York and Silver Springs, New York, respectively, which were merged into the Citizens Central Bank, Arcade, New York, in 1959, and 1955 respectively, and are now operated as branches of that bank.

He stated the only new branches established in the trade area is a branch of M & T at the East Aurora Plaza, East Aurora, New York, established in 1961.

He pointed out at this time that there has been a continuing siphoning off of funds from the commercial banks to savings banks and savings and loan associations. The savings banks have attained a tremendous dollar volume of deposits, then checks a place to invest said funds and quite frequently invests the funds in out of state investments which do little or nothing to generate additional dollars in the State of New York.

He stated he had considered the proposed Morgan New York State Corporation in all respects and does not beli said bank holding company will in any way affect his bank's competitive position nor will it cause any change in the gr of his bank. He stated he based this conclusion upon the f that heretofore his bank as a small bank had competed effec with M & T and the Marine Trust Co. of Western New York, the latter being one of the banks forming the Marine Midland Co a bank holding company which operates banks generally throu the State of New York. In addition, he stated that the participation by M & T in loans originated by Citizens C Bank would continue, in his opinion, and the availability M & T of additional bank participation through its affili under the bank holding company should enhance this abili participate.

He indicated he did not feel that the consumation of the proposed merger would create the need to merge his bank with other banks. He did state that in the past he as a representative of Citizens Central Bank had met with representatives of other rural community type banks and had discussed the formation of a holding company with a view toward mutual assistance to the various member banks by making available a means of participation, one with the other and thus enabling each to grant larger size loans. Another benefit which it was believed would accrue to the benefit of individual member banks would be the potential training of personnel to provide for continuity of management. He indicated these thoughts were not favorably accepted by the representatives of the other rural banks with the result that all thoughts of forming a bank holding company had as of now been forgotten.

He stated it was his opinion that the competitive position of the Citizens Central Bank had remained approximately the same during the period 1950 to 1955, but from 1955 to the present had improved. He pointed out that with the merger effected in 1955, the deposits in the Silver Springs Branch of his bank had increased from $430,000 to $1,250,000 and following the merger of the Rusford State Bank, the deposits in that branch had increased from $429,000 to $1,5[illegible] He stated the greatest competition to his bank was in the [illegible] of consumer credit and the bank which most eagerly pursued that line of financing was the Marine Trust Company of Western New York, which endeavored to sell its Marine Shopper Credit Service to the merchants in the trade area embraced by the Citizens Central Bank.

He stated in view of the branch office operations of M & T in his trade area, he could not effectively appraise the competitive position of those branches, but he would estimate that the competitive position of those branches had remained about the same during the period 1950 to the present.

He stated that it was his experience as a small town banker that banks generally compete within a given geographical area and on this basis he felt the proposed affiliate banks forming the Morgan New York State Corporation would not compete with one another due to their geographical locations.

He stated his bank operates within a trade area of 25 miles radius from Arcade, New York plus the areas embraced by those two branches, and he estimated that 50 percent of the total deposits and loan business originates with ten to twelve mile radius of the bank in Arcade, and 75 percent of said business originates with the area of twelve to fifteen miles radius of Arcade.

He indicated the greatest competition experienced by his bank was from the M & T branch located at Springville, New York, which he indicated served a trade area of approximately a ten mile radius. He estimated that 50 percent of the deposits and loan business at the Springville Branch of M & T originated within eight miles of Springville, New York, and that 75 percent of said business would originate within a radius of eight to twelve miles of Springville, New York.

He concluded by stating he knew of no other pertinent information regarding the operations of the M & T bank or its branches which would be pertinent to the proposed Morgan New York State Coperation, but that it was his considered opinion that action was needed regarding the preferential tax status of savings banks which have gradually drawn away capital funds from commercial banks and the sometimes misleading advertising indulged in by savings and loan associations in which they emphasized the savings and minimize their loan activities.

December 8, 196

Airtel

To : SAC, New York (60-1399)

From: Director, FBI (60-5733)

MORGAN NEW YORK STATE CORPORATION; ET AL.
ANTITRUST
(OO:NY)

Re New York airtel 12/1/61.

Bureau records do not indicate receipt of report to have been submitted in accordance with reairtel. If submitted, advise by return airtel date of report and name of Agent. If report not submitted, afford matter immediate expeditious attention and advise reasons report not submitted.

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FD-36 (Rev. 12-13-56)

FBI

Date: 12/12/61

Transmit the following in PLAIN TEXT
(Type in plain text or code)

Via AIRTEL
(Priority or Method of Mailing)

TO: DIRECTOR, FBI (60-5733)

FROM: SAC, NEW YORK (60-1399)

SUBJECT: MORGAN NEW YORK STATE CORPORATION;
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
ANTITRUST

Rebuairtel 12/8/61.

Enclosed are original and one copy of report of SA Phillip B. Carr, dated 12/4/61, which inadvertently was not mailed after it had been prepared. Every effort will be made to avoid recurrence.

60-5733-

3 - Bureau (Enc-2)
2 - Buffalo (60-297)(Enc-2)
1 - New York
AFC:im
(6)

C C : [illegible]

Approved: ______________ Sent ______________ M Per ______________
Special Agent in Charge

4 DEC 14 1961

FD-36 (Rev. 12-13-56)

FBI

Date: 12/11/61

Transmit the following in PLAIN TEXT
(Type in plain text or code)

Via AIR-TEL AIR MAIL
(Priority or Method of Mailing)

TO : Director, FBI (60-5733)

FROM : SAC, Buffalo (60-297)

SUBJECT: MORGAN NEW YORK STATE CORPORATION; ET AL;
ANTITRUST
OO: NY

ReBuairtel 12/8/61.

The Bureau is referred to report of SAA LEON L. ROBINSON dated 12/7/61.

3 - Bureau (AM)
1 - Buffalo

KLB:FC
(4)

REC-46

60-5733-11

EX-105

4 DEC 13 1961

[redacted] [redacted]

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Approved: Special Agent in Charge

Sent M

Per

FEDERAL BUREAU OF INVESTIGATION

Reporting Office	Office of Origin	Date	Investigative Period
NEW YORK	NEW YORK	12/4/61	11/20-29/61

TLE OF CASE	Report made by
MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK	PHILLIP B. CARR
	CHARACTER OF CASE ANTITRUST

REFERENCES:

NY report, 11/9/61, by SA EUGENE R. NOBLE.
Buffalo report, 11/22/61, by SA LEON L. ROBINSON.
Bureau airtel, 11/14/61.

- P -

ADMINISTRATIVE:

Referenced Bureau airtel requested that investigation be completed at earliest possible date.

:

YORK

60-5733-12

At New York, New York

Will follow investigation by Buffalo Division.

oved	Special Agent In Charge	Do not write in spaces below	
s made: Bureau (60-5733) Buffalo (60-297) New York (60-1399)		DEC 13 1961	REC- 29 EX-115

EATD by 0-6 B, 12/12/61

dgt:mef

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FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of: PHILLIP B. CARR | Office: New York, New York

Date: 12/4/61

Field Office File No.: 60-1399 | Bureau File No.: 60-5733

Title: MORGAN NEW YORK STATE CORPORATION; MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Character: ANTITRUST

Synopsis: HERBERT B. GRANT, Gramatan National Bank and Trust, Bronxville, NY, stated Westchester County Bankers Association preferred holding company type operation so that banks could retain identity and have a voice in banking policy. Pointed out advantages of local banks becoming an affiliate of NYC bank. Only one branch bank opened in community since 1950. GRAMATAN's position will not be impaired by proposed merger.

- P -

DETAILS:

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FD-302 (Rev. 1-25-60)

EDERAL BUREAU OF INVESTIGAT

Date 12/1/61

HERBERT B. GRANT, Executive Vice President, Gramatan National Bank and Trust Company, Kraft Avenue, Bronxville, New York, advised that he represented the Westchester County Bankers Association at hearings of the New York State Senate and Assembly joint committees, studying proposed banking legislation, held prior to the enactment of the Omnibus Banking Bill in 1960. He furnished the following information concerning this matter:

New banking legislation relating to the extension of the activities of New York City Banks to other areas of the State by branch banking or holding company affiliate arrangements had been proposed in the New York Legislature at each session for several years. It appeared to the members of the Westchester County Bankers Association that some legislation was inevitable, and it adopted the attitude that the holding company type of operation would be preferable since the local bank affiliate would retain its identity and have some voice in bank policy, whereas, under a straight merger, the local bank would become a branch of the larger bank and would probably have little control over bank policy.

The association therefore supported the portion of the legislation dealing with the establishment of holding companies but opposed the provisions permitting banks to establish branches across county lines.

He had discussed this matter with representatives of local banks in upper New York State affiliated with Marine Midland Trust Company of New York, the only commercial bank holding company in New York State, and also with representatives of banks in other states operating in a similar manner. He learned from these discussions that it was the experience of the local affiliates that they operated in much the same way as they had operated as an independent, retained their identity as a local bank and a voice in establishing bank policy in the local area.

He pointed out there would be advantages for a local Westchester County bank becoming an affiliate of a New York City bank, the most important being:

On 11/20/61 at Bronxville, NY File # 60-1399

by SA(A) FRANCIS P. GREALY/mcm Date dictated 11/20/61

cument contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to
ncy; it and its contents are not to be distributed outside your agency.

1. A reservoir of qualified personnel, particularly on the management level.

2. Additional capital.

3. A ready-made participant for large loan financing initiated on the local level.

He said Gramatan National Bank and Trust Company does not compete in any way with any of the banks to be affiliated in the proposed Morgan New York State Corporation holding company. Its correspondents are Chase Manhattan Bank, Bank of New York and First National City Bank. It does not participate in loans with the proposed Morgan Guaranty affiliate banks, or have any other banking relations with them. The bank needs of the community served by Gramatan are unquestionably being adequately met by existing banks, and can be for the next ten years, as it is primarily a residential area, there is little room for population growth, and there is no industry in the community.

The only new branch in this community since 1950 was opened by Gramatan on October 17, 1960, being its only branch and located in the Bronxville Station of New York Central Railroad. The other bank in the community is a branch of First Westchester National Bank, which acquired this branch through merger with Bronxville Trust Company about 1950. However, in Westchester County, during this period several existing banks merged with other banks, particularly The County Trust Company, and National Bank of Westchester, and the total number of new branches in the county since 1950 is about fifty. Some of these branches are in areas bordering on the community served by Gramatan, which geographically is roughly the area served by the Bronxville Post Office and

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SAC, New York (60-1399) 12/19/61

Director, FBI (60-5733)

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MORGAN NEW YORK STATE
CORPORATION; ET AL
ANTITRUST
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Inasmuch as investigation in this matter was of a civil nature, New York consider case closed.

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(Rev. 5-1-59)

FEDERAL BUREAU OF INVESTIGATION

ORTING OFFICE MEMPHIS	OFFICE OF ORIGIN MEMPHIS	DATE 10/12/61	INVESTIGATIVE PERIOD 9/30/61	
TITLE OF CASE General Electric Company, Memphis, Tennessee		REPORT MADE BY SA EUGENE G. DOUGLASS		TYPED BY BEW
		CHARACTER OF CASE ANTI-TRUST		

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